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NEWS SUMMARY

GENERAL

Iraq closes Syrian border

Iraq has closed its border with Syria and significantly increased its military patrols along it, according to the Syrian Arab News Agency, which said that the patrols were "heavily armed and suspiciously important in number."

The border move is thought in Syria to signify a serious deterioration in relations between the two countries, which are ruled by rival factions of the Arab Baath Socialist Party and have been bitterly divided this year over the Lebanon.

Iraq may be reacting to the endorsement given to Syria's peace mediation in the Lebanon by all the other Arab countries at the summit meeting in Cairo last month. Syria has branded the Iraqi regime as "fascist and isolationist" and has speculated that it might soon be toppled.

In the Lebanon, Right-wing Christians are believed to have agreed to allow the Arab peacekeeping forces to enter the areas they hold so that public highways may be reopened. Page 6

Close fight to the finish

President Ford appeared to be running neck-and-neck with his Democratic challenger Mr. Jimmy Carter as polling in the U.S. Presidential election closed last night, writes Jurek Martin. Voting seemed to have been heavier than expected. A high turnout is thought to favour Mr. Carter, who had an insignificant lead in the final Harris poll. Given the close race, the result, as in 1968, may not be known until mid-day to-day or even later.

Backlash fears

A plainclothes policeman was shot dead as he sat in an unmarked car outside the Provisional Sinn Fein headquarters in Falls Road, Belfast. Three hours earlier, eight shots were fired, wounding a uniformed constable at Fintona, Co. Tyrone. The shootings brought fears that an IRA backlash may have begun after the murder of Mrs. Maire Drumm.

Diplomat shot

A counsellor at the Iranian Embassy in Paris was shot and seriously wounded by a motorcyclist last night and a policeman was wounded by a second man as he gave chase. Earlier there was an explosion at the Paris block of flats where M. Jean-Marie Le Pen, leader of the extremist National Front Party, lives.

Clashes in Madrid

Prospects for a swift end to Madrid's five-day-old public transport strike worsened after riot police unleashed themselves on demonstrators, amid rubber bullets, tear gas and smoke bombs. The main political court sent three dispute leaders to jail to await trial. Page 4

Search for canal

Nine British women will set off in January to spend three months crossing the swamps of Colombia, South America, in inflatable craft, while filming wildlife and searching for the lost canal of Raspadura.

Home and . . .

Concorde had to turn back to London on its way to Washington yesterday after an hydraulic failure. The aircraft took off again seven hours behind schedule. Collaboration talks, Page 7

Sunflower world record is being claimed by Mr. Frank Kelland, 67, of Exeter, for a 23 foot 6¼ inches plant.

. . abroad

President Micombero of Burundi, Central Africa, has been toppled in a military coup, according to reports in nearby Zaire. Page 6

Mr. Richard Helms, 64-year-old former director of the Central Intelligence Agency, is reported to have resigned as U.S. Ambassador to Iran.

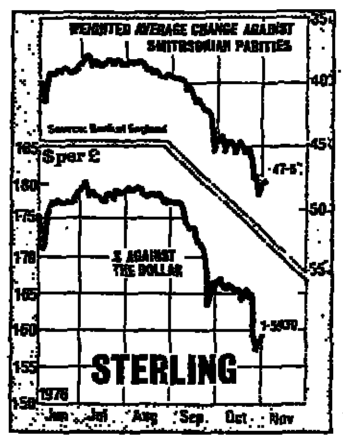
BUSINESS

Lack of support checks rally

● EQUITY rally was checked because of an absence of genuine support. FT 30-Share Index fell 2.7 to 283.6. British Funds became unsettled during the morning over fears of even dearer money.

● GILTS were resilient. Shorts improved after hours; mediums and longs reverted to overnight list levels after being narrowly mixed. Government Securities Index rose 0.01 to 56.69.

● STERLING rose 60 points to $1.5930. Its weighted depreciation narrowed to 47.6 (47.9) per cent.



● GOLD fell $¼ to $122.62.

Left win in AUEW poll

● STRONG Left-wing challenger for the post of president of the Amalgamated Union of Engineering Workers emerged when Mr. Bob Wright shrugged off earlier election setbacks to snatch a 33,000 majority in a ballot for one of the union's assistant general secretaryships. Back Page and Page 13

● PEOPLE wishing to operate as insurance brokers would have to conform to certain standards and fulfil conditions laid down by the British Insurance Brokers' Council if proposals from the industry on future regulation are accepted by the Government. Page 10

● CAVENHAM is looking for a second supermarket chain to buy which would treble the size of its American retailing business. Page 17

● INQUIRY into Courtaulds closure of eight factories with the loss of 4,000 jobs is being proposed by the Government. Back Page

● BRITISH and French Governments will press ahead with talks on possible collaboration on future subsonic civil airliners. Page 8. The Civil Aviation Authority is to hold a public examination in January into the levels of European air fares in the hope of getting them reduced. The Authority wants to reduce the difference between cut-price fares and normal ones on European routes. Page 7

● PLAN by British Nuclear Fuels to extend Windscale plant at a cost of £6m. was approved by Cumbria County Council. Page 15

● JAPANESE TV manufacturers agreed to reduce exports of sets to Britain next year. Page 8

● SOUTH AFRICA'S current payments deficit was more than halved in the September quarter from £350m. in the June quarter. Page 6

● DUTCH trade balance in the first half of this year did not show a deficit for the first time. Page 6

COMPANIES

● WHITBREAD pre-tax profits for first half-year to August 28 up 46.3 per cent. to £25.82m. Page 21; Lex

● REED INTERNATIONAL pre-tax profits for six months ended September 30 almost doubled to £34.4m. (£17.8m.). Page 21; Lex

● BROOKE Bond Liebig second-half profits more than doubled to £16.65m. (£7.94m.). Page 20; Lex

CHIEF PRICE CHANGES YESTERDAY

(prices in pence unless otherwise indicated)

RISES:		
Barratt Devs.	47	+ 3
Berkeley Hambro	58	+ 6
Crane's Screw	21	+ 3
De La Rue	190	+ 5
Electrocomponents	80	+ 5
Heath (C.E.)	330	+ 8
Ocean Wilsons	127	+ 9
Philips' Lamp	940	+ 25
Redland	66	+ 4
Rugby Portl'd. Cmnt.	40	+ 3
Smith (W.H.) "A"	252	+ 6
Spear & Jackson	83	+ 5
TACE	13	+ 5
Tunnel "B"	128	+ 6
Shell Transport	384	+ 4
Bougainville	124	+ 5
Thiess	225	+ 7
FALLS:		
Assoc. Newspapers	103	− 5
BATs Defd.	187	− 8
Daily Mail "A"	172	− 6
Lampa Secs.	111	− 4
Land Secs.	100	− 3
Plessey	54	− 3
Reed Int'l.	170	− 7
Thomson	316	− 9
BP	678	− 8
BH South	133	− 10
Randfontein	£22¼	− 1
West Driefontein	£17¼	− 1

Healey to act soon on public sector borrowing cuts

BY RICHARD EVANS, LOBBY EDITOR

Mr. Denis Healey, Chancellor of the Exchequer, confirmed at a private Commons meeting of Labour MPs last night that action would have to be taken to cut the public sector borrowing requirement "within the next few weeks."

The Chancellor, speaking on the eve of the visit to London of the International Monetary Fund negotiating team, gave no hint about whether the package being prepared by Ministers would contain proposals to cut public expenditure, or increase indirect taxation, or both.

But he gave the first indication to worried Labour backbenchers that a further package of measures could be expected following the IMF talks on Britain's application for a £2.3bn. loan.

Members of Labour's backbench economic and finance group, who had invited Mr. Healey, left the meeting convinced that an announcement on measures would come either at the end of this month or early in December.

Critical

The scene is now set for a continuing battle in the Cabinet and in Whitehall on the contents of a package.

Some Ministers—notably Mr. Anthony Wedgwood Benn, Energy Secretary, and Mr. Peter Shore, Environment Secretary—have been arguing in Cabinet against any further public spending cuts. But they are far from having won their case.

It was made clear to Mr. Healey at last night's meeting that the Left wing would be fiercely critical of any further public spending cuts, while members of the moderate Manifesto Group would prefer increases in indirect taxation (for instance VAT up to 10 per cent.) and in excise duties, but would accept further spending cuts if these were necessary to maintain the Government's industrial strategy.

Tribune and Manifesto Group members outlined their differing views to the Chancellor, who continued to insist that the Government's present strategy of planning for the regenration of industry and export-led growth was the only viable one.

He was again scornful of the Left's demands for widespread import controls and was also unhappy about the Manifesto Group's call for import deposits, which he argued would aggravate industry's cash flow and would in any event have to be repaid.

The Chancellor admitted that he was deeply concerned at the way the economy had been affected in recent weeks because of a lower growth rate than expected, a higher inflation rate and a disappointing export record.

He was particularly critical of companies that had failed to take advantage of the falling sterling rate to sell abroad, and of companies that had failed to make their goods more competitive by maintaining prices while the exchange rate fell.

Profits

Instead, he claimed they had sought to maximise their profits.

The Chancellor apparently told the 40 MPs present that he was looking for means of funding the sterling balances, but he gave no indication of how this could be done or the timing of any negotiations.

As an aside, he joked it would be nice to make an announcement on the balances at the same time as confirming the IMF loan.

Cash limit curbs on spending to stay

By Peter Riddell, Economics Correspondent

THE GOVERNMENT is taking a tough line in enforcing the cash limits system of control over public spending. This is in spite of a higher rate of inflation than was assumed when the limits were originally set in April.

Mr. Joel Barnett, Chief Secretary to the Treasury, said in a Commons written answer last night: "In view of the present high level of the public sector borrowing requirement, the Government intends that the cash limits should be generally adhered to.

"Only minor exceptions will be made to this rule, and then only after first applying every possible means of absorbing extra expenditure."

This underlines the Government's determination to ensure not only that spending is kept within target levels in real volume terms but also to keep a tight rein on actual money outlays.

The implication of Mr. Barnett's statement is that some spending departments will have to make cuts in expenditure in real terms in order to keep within the cash limits.

The cash limits, fixed in April for all but local authorities, assumed a 5 per cent. increase in wages over 1976-77. For the non-pay element the implied assumption was the original Government target of single figure inflation by the end of 1976.

Assumptions

While the cost of living is now likely to rise by around 14 per cent. over the period this does not imply a proportionately serious breach of the limits. This is because the assumptions on pay have been correct and wages are a high proportion of public sector costs.

The main slippage has occurred in programmes with a high import content, such as the National Health Service purchase of drugs and U.K. contributions to various international activities denominated in foreign currencies. Even so, the volume of imports purchased by the public sector is well under the average for the economy as a whole.

The extent of the potential overrun on the limits is not known but Mr. Leo Pliatzky, the Treasury Second Permanent Secretary in charge of the public sector side, told the Commons Expenditure committee last week: "It would be quite wrong to believe there was a troublesome situation across the board."

Cash limits cover about £28bn. of public expenditure programmes at 1975 survey prices, which is equivalent to well over half of total Government spending.

Two sides meet on Rhodesia

Talks begin on date for Zimbabwe

BY BRIDGET BLOOM GENEVA, Nov. 2.

DISCUSSIONS TO fix a date for Rhodesia's full independence as the State of Zimbabwe began here to-day when the leaders of the four African Nationalist and the Rhodesian Government delegations met around a single table for the first time.

The five men, under the chairmanship of Mr. Ivor Richard, British Ambassador to the UN, are to meet again in restricted session to-morrow afternoon following a meeting of their legal experts in the morning.

While it is difficult at this stage to predict whether to-day's meeting marks the beginning of real negotiations, there was a general feeling of relief that substantive issues have at last been broached.

Cautious

There were cautious hopes that, as Mr. Richard put it, "hard bargaining" had begun although Mr. Smith, the Rhodesian Premier, reported little progress and repeated that he intends to return to Salisbury to-morrow.

On a not untypical though pessimistic note, he left open the question of his return. "It depends how long it takes these people here to come to their senses and get to grips with the problem," he said.

To-day's meeting lasted just just under two hours and was concerned entirely with the issue of the independence date.

This is the first stage negotiating position of all four African delegations who see the issue as a test of Mr. Smith's real intentions following his September 24 broadcast, when he accepted majority rule within a period of two years.

Integral part

It is understood that no specific dates were mentioned, although it is known that the Africans favour a date which is 12 months or less away. Mr. Smith is believed to have insisted that a date could only be discussed as an integral part of the so-called Kissinger plan.

The Rhodesian raid on nationalist guerilla camps in Mozambique and the reported escalation of activity in the border warfare seem not to have influenced the talks. This partly because accurate reports on the latest incidents have yet to reach the delegations in Geneva.

The deadlock was broken by a suggestion from the chair that a date could be fixed after experts work out all the stages before Rhodesia could become fully independent under majority rule.

Legal experts of the five delegations, plus the British, will to-morrow endeavour to fix, for example, the length of time needed to negotiate and appoint an interim government; to organise and complete a constitutional conference; to de-limit constituencies; to draw up a voters' list and hold elections.

This procedure appears to meet the objections of Mr. Smith in that it would automatically to involve discussion of other substantive matters which he maintains are in the Kissinger plan. But by the same token it could lead to difficulties since the Africans have been adamant that an independence date must be fixed before other substantive issues are bridged.

Despite to-day's movement, doubt remains on the future of the conference. Mr. Smith's firm intention to return to Salisbury and to leave his Foreign Minister, Mr. Van der Byl, to lead a much reduced Rhodesian delegation could be a tactical move designed to obscure his intention to negotiate an agreement in which he would get less than his version of the Kissinger plan.

Morale

Mr. Smith has said that he could return here "at the drop of a hat" and he may feel at this stage that he needs to bolster white morale.

Against this however is the feeling, strongly projected from the Rhodesian delegation, that Mr. Smith is irritated by what he sees as African delaying tactics and will leave behind Mr. Van der Byl—a man who seems bound to provoke African antipathy.

However, it would be wrong to see Rhodesian actions as determined solely by "domestic" considerations. Mr. William Schaufele, the U.S. Assistant Secretary for African Affairs, saw Mr. Smith last night and there are suggestions that there may be a further meeting again to-night.

While Mr. Schaufele has now also seen all other delegation heads, it would be surprising if the United States, as a result of whose initiative this conference is taking place, were not determined to try to keep Mr. Smith or his representative, at the negotiating table.

Fighting in Mozambique Back Page

Recovery could be harmed by fall in confidence

BY ADRIAN HAMILTON

BRITISH INDUSTRY is still on the road to a gradual export-led recovery. But the chances of a sustained upturn in activity could be damaged by a sharp fall in business confidence over the past few months.

This is the broad conclusion of a far from pessimistic quarterly industrial trends survey carried out by the Confederation of British Industry last month.

The survey, which covers about half of British manufacturing exports and employment, is generally regarded as one of the most sensitive indicators of trends in industrial output and confidence.

Its results are particularly relevant at this time because of the doubts being expressed about the pace of the upturn and the state of industry, following the recent rise in interest rates and the fall in the pound.

On the more depressing side, the CBI survey reports a harsh check to the recovery in business confidence which had developed earlier in the year as business has reacted to the various adverse developments of the past few months.

Answers to a questionnaire on liquidity have also aroused concern that the earlier improvement in corporate liquidity is now coming to an end and that this, too, could restrict the prospects of a sustained growth in output.

Against these highly tentative indications of a change in mood amongst industrialists, however, the underlying trends in output, new orders and particularly foreign sales remain reasonably good, if still weak.

Export optimism remains high by historic standards and the proportion of companies expecting the value of export orders to increase over the next four months has been exceeded only once in the 15-year history of the series.

Investment authorisations are also growing and, while the CBI has revised down its forecasts on capital expenditure marginally in the light of the higher interest rates, it still predicts a 10-15 per cent. growth in manufacturing investment in 1977.

Expectations on volume output have slipped a bit since the last survey in July, but the proportion of companies forecasting a rise also remains relatively buoyant.

The firmness of these trends has caused the CBI to reject recent evidence from official statistics of a slow-down in volume export growth and manufacturing output as at best an aberration or a statistical error.

CBI economists are still confident both that world trade will grow sufficiently strongly to enable British exports to rise by some 10 per cent. in volume next year, and that a very considerable improvement in the balance of payments could occur over the next 18 months as a result of this and North Sea oil.

In interpreting the survey replies, however, the CBI remains at great pains to point out the continuing slowness and patchiness of recovery.

Gross domestic product, it feels, is unlikely to rise more than 3 per cent. next year. In line with other forecasters, it doubts whether unemployment will fall for some time—and it may increase because of the rise in the total labour force.

Replies to questions in the survey on costs make it clear that inflation remains a major problem which may be bringing with it a damaging decline in corporate liquidity.

The pattern of sectoral growth also varies widely, with export-oriented producers of consumer goods such as textiles and vehicles faring best, and capital goods manufacturers and the construction-related businesses still lagging well behind.

The results of the Survey are likely to present both good news and bad to the Government, as it negotiates with the IMF team.

On the one hand, the continuing expectation of rising output and export growth by much of industry must be considered encouraging.

On the other, the tentativeness of this recovery, the downturn in confidence and the unemployment picture must raise doubts as to the wisdom of taking further action on taxes, interest rates or public expenditure to deflate the economy further.

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Survey and tables Page 15

Lyons sells hotels to THF

BY MICHAEL LAFFERTY AND ARTHUR SANDLES

TRUST HOUSES FORTE is paying £27.6m. for the bulk of the J. Lyons Strand Hotel group. The deal makes THF, already the biggest U.K. hotel company, the fifth largest group in the world, with nearly 70,000 beds.

The sale gives J. Lyons much needed cash for a series of payments.

Last night, a joint statement said: "Trust Houses Forte and J. Lyons and Company have agreed in principle that THF will acquire on January 1, 1977 Lyons hotel interests in the U.K. and Eire, with the exception of the Tower Hotel, London.

"Consideration will be based on the book value of net assets of £27.6m., payable by instalments, the deferred elements of which will be guaranteed. A statement will be issued when details have been finalised and until then no further information can be given by either party."

Burdened with foreign borrowings Lyons has been trying to negotiate a deal for its hotels for some weeks. The intriguing aspect of this sale is the exclusion of the Lyons City London hotel, The Tower, and its hotels in Paris (The Commodore) and Holland (The Alpha).

These exclusions support suggestions in the industry that a second deal, perhaps with an American company, is on its way. There are several big American groups which are looking for ways into the European market.

Ramada Inns, Howard Johnson, Quality Inns International and Rodeway Inns are all companies which are little known outside America.

As far as THF is concerned, the new group will have very extensive U.K. coverage—with Strand's Ariel Hotel it will, for example, have four Heathrow properties. In London, Strand has the Cumberland, the Regent Palace and the Strand Palace.

The Regent Palace purchase gives THF yet another stake in Piccadilly Circus in addition to the Café Royal and the Criterion/Lillywhites site.

Strand's affiliate, Falcon, owns 38 properties, of which only three are not in the deal. In terms of numbers of beds, Strand with 10,000 is only slightly smaller than Grand Metropolitan whose hotel operation is now dwarfed by THF. Strand personnel in the hotels were told of the sale at the end of the day.

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For latest Share Index 'phone 01-246 8026

LOMBARD

Preserving the right balance

BY ANTHONY HARRIS

THE impassioned warning from M. Georges Delsupehe of Brussels in our correspondence columns yesterday, that the slide in the pound and the potential weakness of the lira and the French franc are a threat to our trading partners as well as to ourselves made refreshing reading. *It seems that some of our friends* understand our problems better than we ourselves, in our national hair-shirt mood, are inclined to do. There are some problems which cannot be solved by tugging, however desperately, at our *own bootstraps: and sliding down* slippery slopes is pre-eminently one of them.

What we are sliding down is a rapidly receding J-curve; and unless and until someone outside puts out a friendly hand to stop the curve itself receding, there is no hope at all that our own momentum will carry us through the bottom and up the other side. In other words, unless we get some external support for the reserves, there is no hope of stabilising the external value of the pound; but until that is done for a period, we cannot hope to get out of deficit and into export-led growth.

M. Delsupehe understands this; and so, of course, does the International Monetary Fund. It is worth remembering, as Mr. Whittome embarks on his survey of our problems, that his visit is not made for the purpose of telling us how to run our own affairs; he is here, and his Fund exists, to lend money to Britain and other countries in similar trouble, because all the members of the Fund recognise that it is in their common interest to assist members in trouble. *Naturally*, they want to know that our own policies are also directed towards recovery; but they do above all want to help. Neither grovelling nor self-flagellation is required—a point it might be helpful to remember at present.

The danger

Even as things are, the corrective action required of the deficit countries now threatens to slow down the recovery of the industrialised world as a whole. This point is made with some force in the latest monthly survey of world financial markets by the Morgan Guaranty Trust. The danger is that this slowdown will in turn prove cumulative. As our experience after the oil price rise showed, the world seems to have rather a slow process of correction by which over-*optimistic forecasts are adjusted* to reality—largely a matter of adjusting export forecasts down to match the declining capacity of customer countries to import; and the world could again take a largely unexpected turn for the worse while this lesson is re-learned.

The IMF, to do it justice, has recognised this problem: one of the few visible results of the annual meeting at Manila was a resolution which not only called for corrective action by the deficit countries but by the surplus countries too. When they meet together the members recognise that unless deflationary action in weak economies is offset by expansionary action in strong ones, the net result of attempts to correct payments imbalances must be deflationary. Since the IMF can, in fact, only bring pressure to bear on deficit countries, its activities do, in fact, tend to have a deflationary bias.

The logic

Some readers may regard this as a healthy and natural outcome: it is very British to believe that nothing does so much good as a little abstemiousness on the morning after, and there are certainly worse evils in the world economy than a rather longer recession than was once expected. Unfortunately, though, this kind of automatic compensation is much more helpful when it serves to offset a naturally inflationary bias in national policies than it is likely to prove this time round. Since the shocks of the recent inflation, national policies are already tending to err on the side of caution; the deflationary bias now being added to these policies *will simply* compound the error.

The logic of this argument suggests that unless the IMF is confident that the strong economies are going to heed the advice offered to them at Manila, it *should strive to be more accom*modating than it might otherwise be to the weak ones, including ourselves. That no doubt sounds like special pleading, and so it is, in a sense; but those inclined to think that any word from us other than "Mea maxima culpa" is sheer impertinence should prepare an answer to this question: if the balance of payments of the U.K., Italy and France is supposed to be very much stronger than is at present forecast, whose is supposed to be correspondingly weaker? If the only answer is the obvious one—the deficits should be accrued by the countries with strong reserves, what are they *doing that makes a deficit at all* probable? Nothing that I know of at present.

RACING — BY DOMINIC WIGAN

Grand Canyon should win

THE COUNTRY'S most exciting six-year-old hurdling prospect, *Grand Canyon*, who is due to reinforce Lanzarote's challenge for the Colonial Cup in three weeks, can underline his U.S. chance with a victory in to-day's Bagnor Hurdle at Newbury.

Grand Canyon made his mark in no uncertain style last season, *winning seven of his 11 races*, including Ascot's SGB Hire Shop Hurdle, in which he accounted for Supreme Halo, Fighting Kate, Philominsky and Attivo. He has made only one appearance this season over hurdles.

Three weeks ago at Auteuil, Derek Kent's ex-New Zealand six-year-old gave a remarkable exhibition of hurdling, after a blunder at the first, when conceding the highly-rated French five-year-old, Piomares, 2 lb in the Prix de Compiegne.

That astute judge, Prince Rajsinh of Rajpipla, told me on Criterium Day that he had never seen such an exhibition of cat-like hurdling. He wrote in Chaseform Notebook: "As usual, the gelding set off in front and after a bad mistake at the first, proceeded to jump superbly, gaining ground at each flight.

"His pursuers began to close on him before the final turn and *he looked in trouble*. But he had merely been given a breather and touched down over the last just ahead.

"In the ensuing battle he showed immense courage to hold off Piomares, last year's Grand Steeplechase winner, Mister Ormondo, a classy stayer on the Flat, and Mazel Tor, the 1975 Champion hurdler."

Grand Canyon meets nothing of the calibre of those French hurdlers here. Although he will be conceding 5 lb and 9 lb to Sweet Joe and Valmony, respectively, I expect him to underline his Colonial Cup chance in style.

Valmony, something of a specialist here, is in fine heart for this, his initial run of the campaign. He could be pressing Grand Canyon for the lead from the outset.

Another intriguing race is in prospect. The Seven Barrows Hurdle has attracted a strong field of two-mile handicappers and the two who interest me most are *The Dunce* and Successor.

Successor has already shown his wellbeing with creditable efforts at Chepstow and Kempton. On the Sunbury course, he finished a *close fourth* behind Paemako Prince in the Le Cercle Hurdle and he will probably be many people's choice. My preference, albeit a narrow one, is for The Dunce, an inmate of Fulke Walwyn's in-form Saxon House establishment.

This High Hat gelding was in impressive form early last season, landing Stratford's SKF Hurdle and a Panama Cigar Hurdle qualifier on *this course*. He is sufficiently well forward to do himself full justice.

At Carlisle, to-day's other meeting a, possibly unprecedented feat may occur if three horses are able to win consecutive races for a second year in succession.

They are Knock Twice, *Welton Lad* and *Lord Of The Hills*, who go, respectively, for the 1.45, 2.15 and 2.45 events.

NEWBURY
1.00—Rockorama
1.30—Abo
2.00—The Dunce***
2.30—Grand Canyon**
3.00—St. Swithin
3.30—Bartolozzi*

CARLISLE
1.15—Orchard Hero
2.15—Welton Lad
2.45—Lord Of The Hills

SALEROOM — BY ANTONY THORNCROFT

Clocks and watches do well

THERE WAS another very good sale of clocks and watches at Christie's yesterday, the second of the season, confirming that this is one sector of the market that has recovered its nerve. A particularly encouraging feature was the amount of British buying, with R. A. Lee paying £6,500 for a Henry Jones quarter-striking walnut bracket clock of about 1675. Christie's sold the same clock in 1912 for £39.18s.

Another Henry Jones clock a marquetry longcase, sold to Hazlitt, Gooden and Fox for £4,500. Both came from the Borojan Trust and had been on loan to the Laing Art Gallery in Newcastle. A third item from the Trust, a Daniel Quare late 17th century month going marquetry long case clock, went for £2,600 to Halton. The sale totalled £64,943 with only two lots unsold.

Among other high prices were the £2,700 from Zwagerman for a George III musical bracket clock by Thomas Hunter Jnr. and £2,800 from Garrards for a Queen Anne marquetry long-case clock by Benjamin Merriman. A Dutch marquetry long-case clock signed by Benedictus del Campo went to a Belgian buyer for £2,400.

A minor auction of English drawings and watercolours totalled £13,059, a watercolour by William Callow of "The Clock Tower, Bruges," making £450.

In a generally quiet day Sotheby's sold Chinese ceramics for £21,703, a blue and white flask of the Tao Kuang period going for £1,200. A higher price was paid at Sotheby's associate saleroom, Bearnes, in Torquay, where silver totalled £37,375, with a highest price of £1,325 for a William IV four-piece tea and coffee service by J. E. Terry.

The best total of the day was at a Phillips Jewellery sale which realised £70,791, with only 2 per cent unsold. Holborn paid £6,800 *for a diamond solitaire ring*; and a diamond bracelet of art deco design went to Music for £3,800. With jewels such a strong market, Phillips has added an extra auction, on December 1, making *five between now and Christmas*.

Elsewhere at Phillips' Ossawsky paid £1,850 for a pair of giltwood console tables in George II taste. Among the books, Hammond paid £2,000 for a first edition of Adam Smith's "Wealth of Nations" of 1776.

The Sotheby Belgravia print sale did very well for a total of £23,415, and just over 2 per cent. unsold. A set of 12 plates after Dominic Serres on "The Reduction of Havana" sold for £1,500, double the forecast, while six plates after James Pollard by Ackerman on "Epsom Races" made £1,050, also well above target.

This pair of Afghani rifles (circa 1820) is likely to sell for more than £50,000 at a Sotheby auction on November 22.

GARDENS TO-DAY

Some favourites of the Victorians

BY ROBIN LANE FOX

GRATEFUL for the wet weather, but frustrated by it, I have been diverted into the great gardening journals of the past while the rain stops me planting the last of my lily-flowered tulips. Victorian gardening has never seemed to me to attract the interest which it deserves. I like Monkey Puzzles and would rate an Irish avenue of them, which actually bears fruits, as one of the most remarkable sights I have ever seen in a garden. I am sure that I would like to grow stove plants, if I had a stove. The exploits of Victorian plant hunters and the fate of their new discoveries in British gardens form a subject which no modern gardener can resist. I admire the technical skills, the fruits, vintry, orchids and propagation.

I would not care for glass paths or patterns of coloured gravel, but I suspect that they were not so popular as we imagine. It is not easy to picture a medium-sized country garden around, say, 1860, partly because none has survived, also (I think) because the more obvious Victorian novels do not seem, on my quick reading, to give the same prominence to garden taste and scenery as those at the start of the century, when garden styles were being fought out more fiercely. One can picture the slightly awful style of the grounds of some railway millionaire's new castle. But the garden of an older village house is more elusive. I suspect that *many of the users of herbaceous* plants which we now attribute to Edwardian taste could be traced back beyond Miss Jekyll to the borders of country vicarages and small village houses in the mid-19th century. Memories, photographs or descriptions between 1830 and 1880 would be welcome, if you have any.

First choice

Among the "rare new plants" of the 1850's I am surprised to note the blue *Campanula Portenschlagiana*, introduced from Dalmatia by the Fox-Strangways, after whom, amusingly, the shrub Stranvresia was named. Alone of the varieties which I have surveyed in this session, it has survived to become a common and valuable garden plant. *If you want an edging or a cover*ing for a dry wall or rookery, I imagine you would [illegible] to it as one of your first choices. About nine inches high, violet-mauve in flower and vigorous in growth, it is still too useful to omit. But it is the only name on which I have chanced which has still worn well with the years.

Not so the skills and hints. I doubt if you will wish to go in for temporary awnings, advised as a job for late October in order to *protect the flowers of* Dahlias from frosts and cutting winds. If we still had any trace of a red and white striped Snapdragon which is called Caryophyllus and is said to be familiar to every reader who has looked at an old building or wall, you would certainly be willing to striking cuttings of it this month under bell-glasses or in fern cases. It looks so charming, striped like a carnation and lost to us, no doubt, by development both of the family of Snapdragons and the old buildings on which it grew. But when water is mentioned as one medium in which to root it, my attention is caught, for cuttings set in glasses of water are a field of which most gardeners are unnecessarily shy.

Cuttings

If you arrange flowers in water, you are sure to have noticed how some varieties put out roots during their days in the vase. Flowering Currant is an example of this in spring: so are the Dogwoods, if you use their coloured stems in winter arrangements. At this time of year, I am trying to remember to take cuttings from the less hardy shrubs which are about to face the frost. The Fuchsia, the Hebe and a generous *branch of* the so-called Hardy Plumbago will put down roots into water if you pick them in early October. Once the roots are well away, you can disentangle the stems and plant them out in boxes, as if they were ordinary cuttings.

My Victorian journals have several notes on the possibilities of cuttings in water. They are enthusiastic about cuttings of the Oleander, which you might have brought home from that last long holiday in a Mediterranean hotel, as a souvenir of your sterling balance. A shoot ripped out in summer from an *Oleander will evidently* root easily in a narrow-necked glass of water, kept warm on a sunny window-sill, if not in the kitchen. Busy Lizzie [illegible] scented Verbena and [illegible] hairy leaves of the Glox[illegible] trumpet-flowered [illegible] *are cited as other* [illegible] in water. The Gloxin[illegible] me, and I intend to ex[illegible] when its leaves are [illegible] growth. Usually, this [illegible] is increased by lea[illegible] warmed by heat from [illegible] our great-grandfathers [illegible] doubt, it seems, that [illegible] "stem" which had not [illegible] would root in a glass [illegible] a warm place. They [illegible] right, but it surprises [illegible]

Transparen[illegible]

"Nowhere" readers wr[illegible] to remark "is the advant[illegible] cuttings in water more [illegible] than in the families of the [illegible] tribe." A cutting will roo[illegible] glass after four days and [illegible] to a ball of roots in a [illegible] earth within another wee[illegible] your results from melon[illegible] are as variable as mine [illegible] might like to try this, [illegible] the timing could be di[illegible] Gardenia, Salvia, Dahlia[illegible] Petunia (one way to save [illegible] are singled out for similar [illegible]ment. I would be partic[illegible] pleased *if I could kee[illegible]* Petunias from one year [illegible] next by cuttings, rather [illegible] seeds. The more highly [illegible] bred, the cheaper and w[illegible] becomes to hang on to h[illegible] stock from a good year [illegible] tings, avoiding the expen[illegible] uncertainty of new seed[illegible] know nobody who [illegible] petunias from cuttings; let [illegible] from cuttings in a glass of [illegible]

Why not earth? B[illegible] water is quicker and easi[illegible] the busy man. It is also [illegible]parent, so that you can se[illegible] is happening, as with a hy[illegible] in a water glass. It sa[illegible] task of watering young [illegible] *and avoids* the deadly [illegible] drooping and rotting. Ra[illegible] of course, is advisable [illegible] piece of charcoal in the [illegible] of the glass keeps the [illegible] sweet. Do not add any [illegible] manure: it is found to up[illegible] emerging roots. Mayb[illegible] doubt it and do not belie[illegible] something so simple is p[illegible] But failure would prove [illegible] point: you are less of a ga[illegible] than many of your anc[illegible] for they travelled happily [illegible] you down this usefu[illegible] neglected path.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.00 a.m. Good Morning, Mr. President: Reports from New York and Plains, Georgia. World News Summary: 7.30, 8.30. 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. †12.30 *p.m. News* including Presidential Election Report. 1.10 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News (except London). 3.55 Play School. 4.20 The Wombles. 4.25 Jackanory. 4.40 *The Record Breakers*. 5.05 *John* Craven's Newsround. 5.10 Striker. 5.35 Noah and Nelly in SkylArk.
5.40 News.
5.55 Nationwide.
6.40 "Carry On Cowboy," starring Sidney James and Kenneth Williams.
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Sportsnight.
10.45 To-night.
11.25 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.10 p.m. Mae Gen i Stori . . . 5.30-5.35 Crystal Tipps and Alistair. 5.55 Wales To-day. 6.40 Tom and Jerry. 6.45 Heddiw. 7.10 Pen Ei Dennyn. 7.40-8.10 With a Little Help. . . . 11.25 News and Weather for Wales.

Scotland—10.23-10.43 a.m., 2.18-2.38 p.m. and 2.40-3.00 For Schools. 5.55-6.40 Reporting Scotland. 9.55-10.45 Sportscene. 11.26 The Cost of the Daily News: the story of a Workers' Co-operative. 12.16 a.m. News and Weather for Scotland.

Northern Ireland 3.53-3.55 p.m. Northern Ireland News. 5.55-6.40 Scene Around Six. 10.45-11.15 Mastermind. 11.25 News and Weather for Northern Ireland.

England—5.55-6.40 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
7.00 p.m. News on 2 Headlines.
7.05 Simple Science.
7.30 Newsday.
8.10 The Tribal Eye.
9.00 Playhouse.
9.55 Arena: Cinema: John Wayne's latest film, "The Shootist."
10.30 I, Claudius.
11.20 Late News on 2.
11.30 Closedown: Joy Parker reads "Schoolmistress" by Clive Sansom.

LONDON

9.30 a.m. Schools Programmes. *12.00 Here Comes Mumfie.* 12.10 p.m. Rainbow. 12.30 Mr. & Mrs. 1.00 News. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. †2.25 The Saint. 3.20 About Britain. 3.50 Emmerdale Farm. 4.20 The Sooty Show. 4.45 Pop Quest. 5.15 London Scene. 5.30 Sportscene.
5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The James Bond Film: Sean Connery in "Goldfinger."
10.00 News.
10.30 The Wednesday Special: Football.
11.25 World Snooker.
11.55 Police Story.
12.50 a.m. Close.

All ITV Regions as London except at the following times:—

ANGLIA

10.31 a.m. Survival. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.25 Marcus Welby M.D. 5.15 Nanny and the Professor. 6.00 About Anglia. 11.55 Police Surgeon. 12.20 a.m. The Big Question.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 2.25 *The Best of Upstairs, Downstairs.* 5.15 Ghost Busters. 6.00 ATV Today. 11.25 Pub Crawl.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 2.25 Cash and Company. 5.15 *Hogan's Heroes.* 6.00 Border News and Lookaround. 11.25 Musical Triangles (The Flute). †11.55 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 2.25 The Champions. 5.15 Jonathan Routh and Candid Camera. †6.00 Report At Six. †11.25 Epilogue followed by News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.25 The Company Man. 5.15 Wait Till Your Father Gets Home. 5.35 Police Newsroom. 6.00 Grampian Today. 10.30 Scottish Focus. 11.25 Pub Crawl. 11.55 Evening Prayers.

GRANADA

1.20 p.m. Nature's Window. 2.25 Shannon's Mob. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 11.25 The Prisoner.

HTV

12.30 p.m. Letting Off Steam. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.25 Jason King. †5.15 Chuckleheads. 5.20 *Crossroads.* 6.00 *Report West.* 6.15 Report Wales. 6.30 Sex Les. 11.25 Pub Crawl.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Un Tro. 6.00-6.15 Y Dydd. 6.30-7.00 Jam.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 2.25 Department S. 5.15 Animal Alphabet Parade—"T". 5.20 Crossroads. 6.00 Scotland Today. 6.30 *Star Maidens.* 10.30 Police Woman. 11.25 Late Call. 11.35 The Big Break.

SOUTHERN

2.20 p.m. Southern News. 2.00 Houseparty. 2.25 Department S. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day: Wednesday Extra. 11.55 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 12.30 p.m. I Dream Of Jeannie. 1.20 North-East News and Lookaround. 2.00 Women Only. 2.25 The London Nobody Knows. 5.15 Star Maidens. 6.00 Northern Life. 11.25 Pro-Celebrity Snooker. 11.55 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.25 The Baron. 3.48 Ulster News Headlines. 5.15 Woody Woodpecker Show. 6.00 UTV Reports.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 *Westward News Headlines.* 2.25 The Champions. 5.15 Jonathan Routh and Candid Camera. 6.00 Westward Diary. 11.25 Blueprint for To-morrow. 11.40 Westward Late News. 11.45 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 2.25 The London Nobody Knows. 5.15 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 11.25 Musical Triangles.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 8.02-9.30 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 *but including on 1500m only* (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The News Huddlines. 7.30 A-Pickin' and A-Grinnin'. 8.02-9.30 European Soccer Special (1500m only). 8.02-8.30 Listen to the Band (S) (VHF and 247m, also 202m Scotland). 8.30-9.00 Sing Something Simple (S) VHF and 247m only. 9.02-10.00 Command Performance (S) (VHF and 247m only until 9.30). 10.02 Sports Desk. 10.06 Alyn Ainsworth and The BBC Radio Orchestra (S). 11.02 Don Durbridge with The Late Show (1500m only, also 202m Scotland VHF joins Radio 1). 12.00-12.05 a.m. News.

Radio 2 Scotland Only—8.30-9.30 p.m. Sportsound Special (VHF only, also 202m Scotland). 9.30-10.00 Command Performance (S).

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Monteverdi (S). 9.40 New Records (S). 10.10 Organ Recital (S). 10.50 Margaret Price: Recital of Italian and Spanish Songs (S). 11.40 BBC Scottish Symphony Orchestra (S). 1.00 p.m. News. 1.05 Concert Hall (S). 2.00 The Wigmore Hall. Reminiscences with records (S). *3.15 Bach.* Distler and Taverner concert (S). 4.40 "La Follia": Cabanilles, Sor (S). 5.00 Choral Evensong. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 BBC Symphony Orchestra, part 1: Haydn (S). 8.00 The Dark Glasses story by Muriel Spark. 8.30 Concert, part 2: Mozart (S). 9.30 Scientifically Speaking (talk by Dr. Sydney Brenner). 10.15 Schubert and Maconchy: Chamber music concert (S). 11.05 The Arts Worldwide. 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF
† Medium Wave only.

6.00 a.m. News. 6.05 Today: U.S. Election Special. 6.40 Farming Today. 6.45 Prayer for the Day. 7.00 News and more of Today including Sports News, Today's Papers, and 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. †9.35 Finger on the Pulse. †10.00 News. †10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. †11.00 News. †11.05 Hello Cheeky. †11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Harry Worth in "Things Could Be Worse." †12.55 Weather and programme news. VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 This Glittering Bird on the Wing: Portrait of Margot Asquith. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather: programme news. 6.00 News. 6.15 Just A Minute. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 A Mirror of the World: Forty Years of BBC Television. 8.30 A Miracle of Healing? A family quest for health and faith. 9.00 The Reith Lectures 1976: Dr. Colin Blakemore in conversation. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only) 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Personal Choice. 9.20 Astley Jones with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Tony Fish with Home Run, including 4.45 and 5.45 London News Desk. 6.00 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 In Concert. 10.03 Late Night London. 12.00 Closedown (as Radio 2).

London Broadcasting

261m and 97.3 VHF

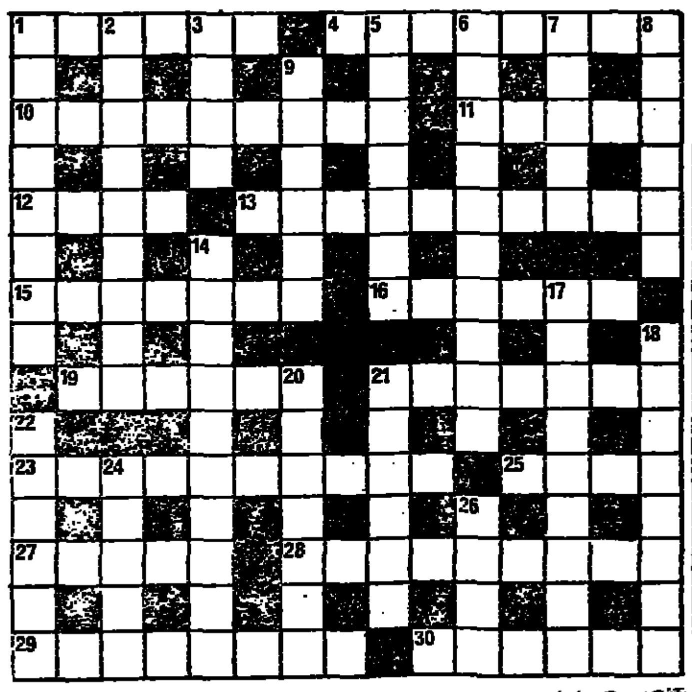
5.00 a.m. Morning Music. 6.00 "A.M.": breakfast-time show. 10.00 Brian Hayes: talking to London. 1.00 p.m. Newswatch. 3.00 Newsbreak. 8.00 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch: news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London To-day. 7.30 Adrian Love: *Open Line.* 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,225



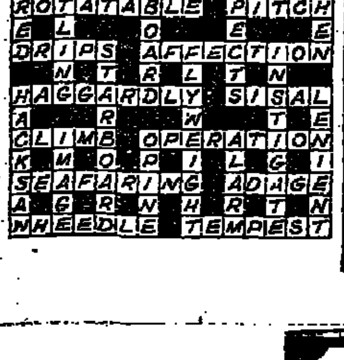
ACROSS

1 Agreement to attempt to dine inside (6)
4 Bailing out of prison and chant about it (8)
10 In favour of proposal for advancement (9)
11 A problem for an artist's model (5)
12 Copied a page going to editor (4)
13 Estimate fools people in a way (10)
15 Cleaned fish the German brought back . . . (7)
16 . . . from the French river current (6)
19 Harden one's disposition (6)
21 Separate one so long delayed (7)
23 Bet on ham being game (10)
25 Excitedly eager since getting a key (4)
27 The Spanish spirit found in Scotland (5)
28 A laboratory flower rendered in plaster (9)
29 Intimidate then about bad rate (8)
30 Rod and line needed for Irish river (6)

DOWN

1 Screwball giving a theatrical performance (3-5)
2 Acquit without a single charge (9)
3 Sound of vehicle has to rise and fall (4)
5 Hide on one occasion in state (7)
6 Work place for party not in power (10)
7 Publication children distribute (5)
8 Turn grey at new order (6)
9 Prejudiced one when in bed (6)
14 Support a bird we hear and give information designed to reform (10)
17 The sound of merriment after the Sabbath could be killing (9)
18 Shuffle on a line at the roadside (8)
20 Block up with a sheet of paper in storm (7)
21 An indication of the pressure there is round pub (6)
22 Sailor posted away (6)
24 Smoker caught one fish . . . (5)
26 . . . and girl gets one in festivity (4)

SOLUTION TO PUZZLE No. 3,224



FT BANKING CONFERENCE

Preoccupation with money supply growth criticised

BY WILLIAM DULLFORCE — STOCKHOLM, No[illegible]

BRITAIN needed a de Gaulle, not the International Monetary Fund, Lord Kaldor, former economic adviser to the British Government, said here to-day in a speech castigating the governments of the industrialised countries, including Britain, for making a faulty diagnosis of the current world economic situation and for pursuing wrong policies.

The world was in danger of an economic depression of a kind not known since the 1930s, because the intellectual attitudes of finance ministers and international monetary officials on deflation had turned full circle back to 1929, Lord Kaldor said. Each country tended *to adopt* policies dampening demand, cutting expenditure and introducing high interest rates, when it was obvious that some countries could succeed with such policies only at the expense of others.

Lord Kaldor was speaking on the opening day of the European Banking Conference organised by the Financial Times in collaboration with Svenska Dagbladet, the Norwegian journal of commerce and shipping, Berlingske Tidende, Helsingin Sanomat and The Banker.

Serious menace

The most serious menace at the moment was the widespread view that inflation in all the industrialised countries had been caused by increases in money supply, Lord Kaldor said. Hence money supply targets and tight monetary and fiscal policies were being urged on all sides, as if there was an excess demand for labour.

In fact the number of unemployed in these countries was probably 15m., including 5½m. in the EEC. There was a large excess supply of labour and excess physical capacity in most industries.

Other reasons for the current cloudy economic outlook were the unresolved payments balance problem and the absence of any *smooth mechanism for offsetting* the effects of the petrodollar surplus. As long as the surplus existed, trying to balance payments was like playing musical chairs, Lord Kaldor claimed. Any one country throwing off the burden of deficit aggravated the problems of others.

Replying to a question on Britain's economic difficulties, Lord Kaldor said British payroll taxes were the lowest in Europe *and a 10* per cent. increase in them would be sufficient to cover the fiscal deficit. He was also in favour of some import restrictions.

Sweden's new Economy Minister, Mr. Gösta Bohman, agreed with Lord Kaldor that countries with large surpluses had a responsibility to maintain a high level of domestic demand. If they failed to do so, they would jeopardise international recovery. Sweden was facing difficulties on its export markets because too many countries were intent upon bringing down deficits by reducing domestic demand. In some respects, however, Mr. Bohman advocated policies about which Lord Kaldor was sceptical. Sweden's new non-Socialist Government would have to take politically unpopular measures to curb growth in both the public and private sector, Mr. Bohman said.

Unemployment

He warned that there was little scope for real wage improvements in the pending Swedish labour market negotiations.

Sweden had succeeded in keeping unemployment down because Swedish companies had accepted lower productivity as an alternative to laying off workers, Mr. Torsten Carlsson, general manager of Skandinaviska Enskilda Banken, stated in a review of the Swedish situation. Potential productivity gains could, therefore, be said to exist but wage restraint would be needed. If Swedish industry's competitiveness has to be restored by the end of 1976 Sweden would have borrowed some Kr.20bn. (£290m.) abroad since 1974 but the country still had no net foreign debt. In addition, inventories valued at some Kr.11-12bn. had been built *up and* could be *regarded as* equivalent to currency reserves.

Mr. V. M. Yelton, senior vice-president of the Bank of America, underlined that balance of payments finance should be the result of a well-planned programme of national development rather than a particular field for bank lending. But the economic circumstances prevailing since 1973, dictated some flexibility in bankers' normal preference for "project" or "programme" financing.

Mr. Yelton was concerned that the large overheads created in the banks' syndicate lending, as well as the formation of many consortium banks, along with pressure for profit performance, could lend to imprudent banking rather than "quality lending." He advocated a 5-year procedure for banks' market planning based on management by objectives.

Mr. P. Nyboe Andersen, chief general manager of Andelsbanken A/S, Copenhagen, illustrated the structural changes towards larger units in both the commercial and savings banks in the four Nordic countries. The market share of deposits for commercial banks varied from 68 per cent. in Denmark and [illegible] cent. in Sweden to 40 p[illegible] in Norway and 38 per [illegible] Finland.

Denmark, however, was [illegible]tional in that anyone w[illegible] to establish a bank the[illegible] complied with legal reg[illegible] on capital. Mr. T. J[illegible] Cunningham III, direct[illegible] northern Europe of Chas[illegible]hattan, noted that Denma[illegible] the only Nordic country [illegible] had dared to permit [illegible] banks to establish branch[illegible]

Speaking on what [illegible]national banks operating [illegible] could offer to Scandina[illegible] Cunningham said the [illegible] spectacular activity was [illegible]ing large foreign credits [illegible] Eurobond markets. [illegible] stressed that any Scand[illegible] strategy should be based [illegible] operation with Scandi[illegible] banks.

Foreign banks could p[illegible] a real service in project [illegible]ing, although the only [illegible] financing of this nature ha[illegible] for the Norwegian petrol[illegible] industry. A Scandinavian [illegible]national company opera[illegible] several overseas markets [illegible] gain advantage from an [illegible]national bank that sha[illegible] geographical pattern.

The prospects for Sc[illegible]vian borrowers were al[illegible]lined by Mr. L. Bankson, president of Citicorp [illegible]national.

Defending the new[illegible]lished Nordic Investment [illegible] (NIB), Mr. *Hermod* Sk[illegible] its chairman and [illegible] governor of the Bank of N[illegible] said it would refrain [illegible] making loans of a size a[illegible] which should be taken [illegible] by the regular credit insti[illegible] *The NIB would be a* [illegible] source of funds over and [illegible] what these institutions [illegible] supply from limited [illegible] markets.

Conspiracy hearing adjourned

A CASE alleging charges [illegible]spiracy and corruption [illegible]ing the suspended direct[illegible] police buildings of the [illegible] Wales Police Authority [illegible] Thomas Griffiths, and a [illegible] Wales surveyor, was adj[illegible] until November 18 yester[illegible]

Mr. Griffiths, aged 58, w[illegible] to appear before magistra[illegible] Bridgend, Glam., to face [illegible] charge of conspiracy [illegible] surveyor Mr. Peter W[illegible] Gash.

هكذا من الأصل

هكذا من الأصل

Jane Lapotaire and Martin Shaw in the Bristol Old Vic production of 'The Duchess of Malfi,' which opened last night

Elizabeth Hall

Cristina Ortiz

by DOMINIC GILL

It is not an auspicious beginning to any performance of Schubert's A minor sonata (op. 143, D784) which allows the famous staccato quaver-cum-rest in the second, fourth and sixth measures—and passim elsewhere throughout the movement—to appear as if it were a legato crochet: nor indeed a very promising start to a recital as a whole, to continue to play right to the end of the movement as that essential, vital, integral rhythmic motif had no place at all in Schubert's score.

It was this very distortion which roused the uncomfortable suspicion, at the first musical breath, that what one was about to hear from the Brazilian pianist Cristina Ortiz at the start of her recital on Sunday afternoon must be an incompletely thought-through, and in some way dramatically insufficient, account of Schubert's sonata. And so it proved: for though she allowed the music in other respects amiably enough, it was a performance of only lukewarm Schubertian character, nourished by little subtle articulation or colour, driven forward with plenty of energy, but without inner momentum or dramatic poise.

It was as if, during her playing, Miss Ortiz were somehow never absolutely, unequivocally sure not only of the direction of the music, but more important, of the direction she herself wished it to go: a decent performance, which moved without magnificence or lyrical sweep, without spiritual certainty or centre. Her talents were perhaps most fully realised in music which calls for less fine-grained pointing, less precise and keen dramatic focus — she made a strong case for Prokofiev's suite of ten pieces from *Romeo and Juliet* op. 75, with a firm, fluent technique and very accurate fingers; a reliable sense of basic pulse, moving easily and expressively from one tempo to another, and between them; a nice sense of shape and line; and with unfailingly beautiful (though never very big) piano tone.

Her sequence in the second half of her programme of Chopin's four Ballades was, like the Schubert, brilliant in parts, but indecisive. There were some splendid moments: a fiercely controlled *con fuoco* middle section of the F major Ballade, and real firecracker semiquavers in its final pages; and in the F minor, some thrilling climaxes, superbly articulated. But the fine moments seemed only sewn on to, not *into*, the whole: her performances signally lacked individual accent, individual voice. Miss Ortiz is a brilliantly gifted young artist. Perhaps the critical time has come when she must pause for a moment, and ask the old question: there are two pianists, both of whom play the notes of a certain work superbly well—what is it exactly which makes the performance of one sound merely capable, and the performance of the other sublime?

Anthony Dowell ill

Anthony Dowell has been forbidden by his doctors to dance for several weeks. He was due to be dancing in *Swan Lake* this evening (in which he will be replaced by Donald MacLeary) and was down for eight other performances this month, including four of a new ballet, *Pluviaries*. The Royal Ballet will announce new casting as soon as they can.

Television

Unvarying variety

by CHRIS DUNKLEY

It sometimes seems that television specialises in the sort of paradox illustrated by Voltaire when he pointed out that the Holy Roman Empire was notable for being neither holy, nor Roman, nor an empire. Television's most common example of such ironic misuse of words, and the one which cries out loudest for contradiction, is in the generic title given to those MOR (middle of the road) music programmes produced around a Nana Mouskouri or a Vera Lynn according to a formula which never varies: they are called "variety shows."

The recipe goes like this: to a geometrically constructed studio set, which should be slightly asymmetrical and have lots of surfaces covered in silvery glitter and/or rows of electric light bulbs, add four or five boy dancers and four or five girl dancers, and slowly beat in the star of the show. Knead furiously for 10 minutes and then add a "special guest," avoiding if possible adding like to like (thus if star of show is Sacha Distel add Cilla; if star is Lulu add Sacha Distel; on no account add Cilla to Lulu).

After a "duet" during which star and guest giggle a good deal in unison but fail to sing more than a bar and a half together, spoon out rest of material in song-sized dollops and, when two thirds cooked, garnish with a guest group. Once again avoid similarity and go for contrast: The Bachelors can be added safely to Petula Clark, but should not be added to Dana.

There have been attempts to break away from this formula. Granada, for example, showed a series last winter called *International Pop Proms* for which they moved out of the studio and into the enormous Belle Vue theatre, and instead of constructing each show around one big-named artist, and packaging the programme in guests and gags with the principal tricked out in a series of sequinned costumes, they ran through an impressive roll call of soloists and groups, and belted out a great deal of music. The reaction with a live audience (obvious, memorably, in the case of Gilbert O'Sullivan for instance) was an integral part of the show.

The BBC, however, seems to have a fixation on the standard studio formula.

In fairness it must be said that it is the BBC Light Entertainment Group headed by Billy Cotton Jr. which supplies more of the MOR music shows on television than everyone else put together, and since there is clearly a big appetite for this sort of music they must take whatever credit is due for "giving the public what it wants." Yet it is hard to believe that the public is quite as besotted as the BBC seems to be with this unchanging format.

That it is unchanging was shown again on Saturday when BBC1, which has been trouncing ITV in the Saturday night ratings game, transmitted the first of their *Shirley Bassey* series in the slot previously occupied by *The Two Ronnies*. Throughout the run of their eight programmes, incidentally, *The Two Ronnies* were never out of the top six programmes according to ITV's JICTAR ratings, so you can still attract a quantity audience with a quality product.

There were in *Shirley Bassey* two minor attempts to look different, but safely different, from that standard formula—one half hearted and very old hat and the other irrational and nearly incomprehensible—which served mainly to emphasise how hackneyed the overall production of the programme was.

The Entertainment Guide is on Page 14

After we had seen Miss Bassey and the geometrical glittery set, and the dancers had been added, and the special guest, avoiding similarity and going for contrast, had been introduced in the shape of Charles Aznavour the programme switched to film for Miss Bassey to do a number in front of the Tower of London.

Presumably this was intended to make the programme more appealing to foreign buyers, but overseas viewers must by now be just as fed up with our Tower as we are with their Manhattan skyline, Golden Gate bridge, or Sydney Opera House. (I swear that since it was built I have not seen an Australian programme without that opera house. It turned up again on Saturday night in ITV's ghastly imported series, *Homicide*, which has dialogue that sounds as though it were written by a committee of government PR men.)

That was the hackneyed bit. From there we were taken into what looked like a mad patische of *Elizabeth R* with Shirley Bassey playing Glenda Jackson leading an Afghan hound down into a cellar to discover revellers wenching and quaffing and sword fighting. Miss Bassey did hardly any singing in this scene and it was difficult to understand precisely what it was supposed to convey. Perhaps it was another attempt to look terribly, terribly English.

For the rest, it was the star of the show wandering through patches of light which, like everything else, looked familiar to the point of standardisation, including the regulation darkish area in the middle ground of the set; introducing her contrasting guest group (The Three Degrees); and delivering a sequence of songs in her usual style.

Of this style, the less said the better. A great admirer of the real troupers of show business, such as Judy Garland, who have always drawn inspiration from the rapport of an enthusiastic audience, I find that Miss Bassey goes a bit too far with everything (except her dresses which are a lot less exciting than they used to be): hand gestures, facial expressions, volume, and the sustaining of the very notes themselves.

Trevor Humphries

Shirley Bassey

Nevertheless, a great many people apparently like her the way she is—quite enough, I dare-say, to keep that Saturday night slot well up in the ratings where *The Two Ronnies* left it—and it would therefore be foolish to suggest that she should change her act. The BBC, however, could afford to look to the Continent where "variety" shows have been dragged kicking and screaming (and for once the phrase is completely apt) into the nineteen-seventies and, without even changing the songs the stars sing, might then give us a few shows which extend modern television techniques instead of ignoring them.

While they are about it, Mr. Cotton's group might think about introducing a little variety into the musical tea break acts which they have been inserting in comedy shows such as *The Two Ronnies* since the year dot. Why not be real devils, go all modern, and have a Wurlitzer come up through the floor?

No—stop. I didn't mean it, I was being sarcastic . . .

* * *

Having once remarked here on the success in Esther Rantzen's previous series of the fantasy-fixing section, in which people's little daydreams were made to come true — I always remember the look on the face of the lady who was allowed to jump up and down on the beds in a department store—it is, perhaps, only natural that I should now welcome her series *The Big Time* (BBC1) in which the idea is extended to full 45-minute programmes.

The fantasies have been upgraded a bit: last week an amateur dressmaker designed for an haute couture show at the Ritz, and to-morrow my former Sea Scoutmaster (as it happens) Jimmy James, now a Norfolk clergyman, edits The Times Diary for a day. Last week's programme was unexpectedly informative about the fashion business and, thanks to the highly mobile and fluid camera-work of David Whitson, a pleasure to look at throughout.

Another programme with remarkable photography was Sunday's *World About Us*, "Night Of The Fox." Modified military image-intensifiers and other infra-red devices have been used on television before, but never with such interesting results as these scenes of foxes in the pitch dark.

The two *Wilson Interviews* by David Frost have been dire. The thought of 13 more to come is appalling.

The best current affairs programme of the week was again *This Week* with a study of sectarian demography (scaring or, if necessary, burning your neighbour out of his house) in Belfast. Neither sanctimonious nor sensational, Peter Taylor's report told me quite a lot I did not know, and by the standards of British television reporting from Ulster in the last five years, that is saying a great deal.

Rock Garden

Kino Tata

by MICHAEL COVENEY

Another new lunchtime theatre venue, this time at the corner of King Street and James Street, in Covent Garden. The Rock Garden is a noisy, bustling restaurant with a cafe style cellar that, over the past few months, has catered for rock groups and their dancing fans. The bar is reasonably priced, with a good selection of draught beers. But the opening show, a slickly presented piece of decadent triviality, is the sort of facetious nonsense the fringe would have been pleased to put up with five years ago.

A few token references to the traditional Chinese theatre usher in a collection of Western movie stereotypes, a lolly-sucking child vamp (Lesley Duss); a large-limbed, manly *femme fatale* in a silk gown and fur (Jonina Scott); a smooth, Latinate seducer of dubious charm (Philip Sayer); a Monroe-style sexpot, with a big red mouth, in long red tights (Geraldine Wright); and a maid from French farce called Ice Cream (Anita Dobson); they form a burlesque ensemble who perform a series of camp unrelated songs for the benefit of an ingenious trio of "real people" summoned to the entertainment by a white-suited white-faced clown (Trevor Jones).

Some of the songs are very enjoyable, especially "Pick Up" by Brian Protheroe who heads a resourceful small band at the side of the acting area. It has a bizarre narrative line and an effective, catchy beat well reflected in the staging and general pervading spirit of performance. The company have appeared severally in such shows as *Happy as a Sandbag*, *The Rocky Horror Show* and *Leave Him to Heaven* and bring to the stage those qualities of bright musical energy appropriate for illuminating hollow-wallow material based in the hits of yesteryear. The neat choreography is by Mark Davie, currently appearing in *A Chorus Line*, and the proceedings, acceptable if you submit to surface charm of it all, last a short and lively 45 minutes, starting at 1.15 p.m. The author and director is Martin Duncan.

Elizabeth Hall

Philip Jones Brass Ensemble

One of our best-known and well-loved instrumental groups, the Philip Jones Brass Ensemble, came to the South Bank on Monday evening to celebrate the 25th anniversary of its founding. For the greater part of its quarter-century career the Ensemble has performed most often as a chamber group within larger ensembles; but to-day it frequently appears as a solo ensemble in its own right, and offers programmes, made up of a judicious mix of early brass music and specially commissioned new pieces, at once off-beat, effective and adventurous.

Two of the three specially commissioned pieces which the Ensemble gave for their birthday, however, might be more accurately described as eclectic mainstream than strictly adventurous—the two outer outings of André Previn's *Four Outings for Brass Quintet* were nicely encapsulated by our programme-note as "mid-Atlantic in style," which I take to mean somewhere along that fairly bleak stretch between Newfoundland and the Hebrides, veering from time to time maybe a shade farther south, towards the rocky coast of São Jorge, where seagulls mew and a few lonely transistors play, in the Azores?

It was, at least, a beautiful performance, done with great devotion and care — and illuminated by a notable contribution from John Fletcher the tuba-player, who achieved the almost impossible feat of making his wonderful (but hardly buoyant) instrument actually take off with the most infectious rhythmic zest and bounce; and whose account, a few works later in the programme, of two movements from a Bach solo cello suite was a miracle of tuba-craft, in its own not at all outrageous way, extraordinarily convincing.

There were also plenty of jolly interludes: an English Suite, transcribed by Elgar Howarth, which included the Agincourt Song and Greensleeves: a spirited medley of Flemish dance music by Tielman Susato, one-time trumpeter in the Antwerp town band; and for the brass freaks, some more serious German Ceremonial Music, a Scheidt *Canzon*, and three sonatas for trumpets and trombones by Daniel Speer. The five movements of *Divertimento for Ten Brass* by Ray Premru, one of the Ensemble's four excellent trombonists, sounded more than anything like a tableau of five scenic takes from a Pathé *Look at Life* soundtrack: amiable enough, and with a jazzy finale that set the audience rocking to its feet. *Garden Rain*, written for the Ensemble in 1974 by the Japanese composer Toru Takemitsu, was an unexpected shower of freshness: a short, halting rhapsody for ten brass, barely seven minutes long, softened by dark echoes of Skryabin, punctuated by silence. I have not seen a score: but I suspect that the quietest gestures should be still more than the Ensemble allowed, very, very quiet?

DOMINIC GILL

German theatre

Rostock in West Berlin

by RONALD HOLLOWAY

The presence of an East German theatre in West Berlin is more than a cultural event—even when it comes at the end of the Berliner Festwochen on this side and the beginning of the Berliner Festtage on the other. A warm and enthusiastic welcome was extended to the Volkstheater Rostock and its Intendant, Prof. Hanns Anselm Perten, who supervises the destinies of seven theatres in the port city on the Baltic. Perten, known in the West for his progressive and modern taste in world theatre, brought the first American dramatists to the attention of the East German public there. He was, for a short-lived term, the Intendant of the Deutsches Theater in East Berlin a few seasons ago, and his ensemble work has been praised as far back as the fifties.

So high the expectations, so great the letdown. The Volkstheater Rostock did not bring a play or two by the leading East German dramatists making an international name for themselves at present—such as Heiner Müller or Volker Braun—but two rather weak plays by West German playwrights who are now considered old hat, in a plain manner of speaking. Perten presented his own productions of Rolf Hochhuth's *Lysistrata and the NATO* and Peter Weiss's *Hölderlin*.

Hochhuth's *Lysistrata* has never been performed in West Berlin, possibly because of the irritating political aspects (underscored in the title itself), but probably because pacifist statements do not lend themselves to comedy situations as a general rule. The play got its only decent exposure in Essen, where the playwright himself worked on tightening it until the curtain went up. As I recall the production, it had a folkloric quality: Lysistrata Soulidis, a female member of parliament, rounds up ladies from all walks of life to seduce NATO officers in a rustic hotel. Object: to convert a *proposed* NATO site on a lovely island into a tourist attraction.

This well-meaning twist on the Women's Liberation movement at the beginning of this decade had some relevance at the time of its writing. But the East German approach to-day is to the military aspects and the accompanying awakening of political consciousness among the people: the bread-and-butter theme of Socialist Realism in art. In reaching for this apple, however, the production cannot help but also comment on society in East Germany, particularly in so far as the classless society is concerned. The scenes of community sharing are, indeed, embarrassing: a *Spiessbürger* element of low humour rises too often to the surface to be overlooked as accidental.

A similar social consciousness emerges in the production of Weiss's classic-bound *Hölderlin*, wherein a thin line has to be walked in handling the figures of Goethe and Schiller in Weimar. Since Weimer lies in the East, and the classical tradition is honoured as containing the seeds of a new social consciousness, the scene in which the distraut poet Friedrich Hölderlin confronts, and is rejected by, the cultural lords of the day had to be toned down. In the West German productions — the play opened almost simultaneously in Hamburg, Stuttgart, and West Berlin in 1970 on the 200th anniversary of the poet's birthday — the accent was unmistakeable: Claus Peymann in Hamburg even had Goethe and Schiller conducting high-level conversation on raised shoes and with monumental poses. It is not clear what the meeting is all about in Perten's version of "equalised" personalities. There were apparently no bad guys in Weimar.

*

Munich's contribution to the American Bicentennial, Harald Clemen's production of Clifford Odets's *Golden Boy* at the Kammerspiele, says more about the Land of Promise than all the other artistic salutes on show in West Germany these days. Odets lived in the shadow of Eugene O'Neill and Arthur Miller, but without him the latter's success is unthinkable; he paved the way for the social-minded, realist theatre on Broadway and brought the average citizen into houses of culture to take a good look at himself. The leading playwright of the Depression Years, Odets then joined the exodus to Hollywood—like William Faulkner, Nathaniel West, Scott Fitzgerald, Ben Hecht (in fact, nearly all the name writers of the period)—where he squandered much of his talent, and eventually fell into disgrace during the McCarthy Hearings.

Golden Boy is jet-propelled play-writing. It captures the restless, on-the-move-to-nowhere spirit of the times, the nervous energy that went into Warner Brothers action movies, particularly those with Jimmy Cagney forever on his toes, the musicals and Fred Astaire, the war of the gangs in New York and Chicago, and the tragic Oakie migration to California. The boxing ring was symbolic of this fight upwards to dignity and the right-to-work: the entire picture of the European immigrant (Odets's parents were Lithuanian Jews who arrived at the turn of the century) is found in *Golden Boy*. One senses why the Italian felt compelled, or at least, attracted, to join the Mafia, the Irish to enter city politics, and the Jew to look to show business in all its facets.

Harald Clemen seems to be aware of this background, for there are moment when the play leaves the realm of boulevard to immerse itself briefly in the cauldron of activity and tight-scene writing that make *Golden Boy* a challenge as well as a delight to follow. But only momentarily. The emphasis is mostly on looking for the big line, the note of wisdom, the sentimental scene: he shifts gears constantly — sometimes speeding up, sometimes slowing down—right in the middle of action that carries its own weight and measure of truth. Wherever Odets tosses away the big lines in a wisecrack (the locker room scenes are full of them) Clemen is right there with a basket to catch them.

Set design (Jörg Zimmermann) is a real bonus, a web of wire and black cage-like interiors, as if everything was staged for workers in the back room of a garage. Heinz Bennent as Tom Moody, the nervous manager destined always to be a loser, and Bruno Dallansky as the Golden Boy's Italian-immigrant father, the real tragic figure in the play, are right out of the era, as though they carefully studied the Hollywood classics on boxing and the underworld of the 'thirties. The audience came expecting a rerun of the Max Schmelling years on the whole, and the sport fans didn't go away disappointed. But the fighter as a symbol of the hungry immigrant got lost somewhere in the floodlights.

Jazz at Goldsmiths' College

The Don Rendell 5 with Barbara Thompson will play at the Great Hall, Goldsmiths' College, S.E.14, on Saturday, November 6, starting at 7.30 p.m. Tickets 60p.

The rhythm section accompanying saxists Rendell and Thompson will consist of Matt Matthewson (piano), Paul Bridge (bass) and Trevor Tomkins (drums).

The college is in Lewisham Way and near to New Cross and New Cross Gate stations.

'John Curry Theatre of Skating' for London

The world premiere of the John Curry Theatre of Skating will run for a season at the Cambridge Theatre prior to a world tour. It will open on Boxing Day. This will be John Curry's only appearance in the U.K. during 1976-77.

The Cambridge Theatre will close in three weeks' time to start preparations for this production. The stage will be enlarged and a specially designed ice rink will be laid.

COMPANY NOTICES

UNILEVER LIMITED

NOTICE IS HEREBY GIVEN that REGISTRATION OF TRANSFERS of the Unsecured Loan Stock and Preference and Preferred Ordinary Stocks of the Company, will be suspended for one day only on the 26th November 1976, for preparation of warrants for Unsecured Loan Stock interest payable 31st December, 1976 and Preference and Preferred Ordinary Stock dividends payable 4th January 1977. Transfers of such stocks lodged after the close of business on the 25th November 1976 and will be registered ex interest/dividend.

BY ORDER OF THE BOARD
J. D. KEIR,
Secretary.

Port Sunlight,
Wirral,
Merseyside.
2nd November, 1976.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 4% Unsecured Loan Stock 1975/80 of Imperial Group Limited will be closed from 17th to 30th November, 1976, both days inclusive, for the preparation of interest warrants.

By Order
P. M. DAVIES,
Secretary.

London,
3rd November, 1976.

PUBLIC NOTICES

H.M. LAND REGISTRY
LOST CERTIFICATE

It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. Anyone possessing the missing certificate or objecting to the issue of a new one should at once notify H.M. Land Registry, Lincoln's Inn Fields, London WC2A 3PH

Land Certificate.
Freehold Title No. 235416
50 St. John Street, London, E.C.1.
Proprietor—West (Butchers) Ltd.

LEGAL NOTICES

No. 37 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Group "A" Leeds District Registry. In the Matter of M. P. MURPHY (GENERAL EXCAVATIONS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of October, 1976, presented to the said Court by J. & W. HENDERSON LIMITED whose registered office is at 10, Claremont Terrace, Glasgow G3 7YB, Scotland, Building Trades Merchants, Industrial Hygiene Specialists and Tubular Scaffolding Contractors and that the said Petition is directed to be heard before the Court sitting at the Chancery Court, Albion Place, Leeds 1, on the 15th day of November, 1976, at 11 a.m., and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

DIBB, LUPTON & CO.,
6, Butts Court,
Leeds, LS1 5JX.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of November, 1976.

No. 003516 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. E. HOLMES AND SON LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of October, 1976, presented to the said Court by E. E. OLLEY & SONS LIMITED whose registered office is situate at Dartford Industrial Estate, Hawley Road, Dartford, Kent, Timber Importers and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 22nd day of November, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN & VANDYK,
20, Copthall Avenue,
London Wall, London, E.C.2.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of November, 1976.

EUROPEAN NEWS

W. German economy improves

BY ADRIAN DICKS

BONN, Nov. 2.

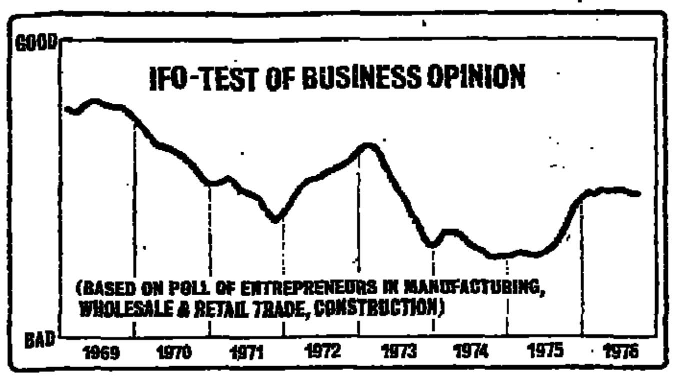
NEW ORDER figures for West German industry, together with a slightly more optimistic mood among businessmen, appear to be lending strength to the view that the economy is finding its second wind after the summer pause.

The Economics Ministry in Bonn reported to-day that new orders during September were up by 2 per cent. on the previous month for industry as a whole. The two months of August and September together showed a 0.5 per cent. fall from June to July, but the Ministry puts this down to the relative decline of new export orders after a small number of very large contracts had pushed these up dramatically.

The most interesting feature of the September orders figures is the strong indication that West German companies are now beginning to increase investment in new plant and equipment. New orders for capital goods from domestic customers rose by a full 7 per cent. during the month, while compared to September, 1975, they were up by 23.6 per cent.

September's new overseas orders for capital goods were up only a little less, and, as a result, the capital goods industries as a group showed a rise in new orders of 32.6 per cent. during the third quarter of the year, as compared to the same period in 1975.

There was also a continuing strong trend in export demand for other German products during the month: new orders for basic materials and semi-manufactures increased by 10.5 per cent. and those for consumer goods by 11.5 per cent., according to the official figures. In September, at least, there was no indication of damage to the competitive position of West German companies from the relentless upward climb of the Deutschemark.



Nonetheless, industrial production in September rose by *only 1 per cent.* The capital goods sector was once more in the lead with an increase of 2.5 per cent. while output in other branches was stagnant or slightly down.

These figures may help explain the note of reserve still to be found in the latest survey of business opinion published by the ifo-institute of Munich.

Although the survey—often regarded as one of the most reliable barometers of the West German economy—reports that businessmen expect some further improvement in conditions, there were also some less optimistic trends to be discerned. Despite the pointer of the new orders statistics, average orders on hand declined a little from 3 to 2.9 working months.

The ifo test, as it has often done in recent months, detected a more pessimistic mood in the capital goods sector than in other branches of the economy. The steel, machine tools and electrical engineering industries once again yielded the most unfavourable reports of business expectations, while the office equipment and data processing industry and the precision engineering and optical industries once more appeared to have the strongest hopes of a further improvement.

Notable among the sectors taking a slightly more cautious view were manufacturers of commercial vehicles, who have shared so far this year in the booming fortunes of the West German private car manufacturers but now seem to see a quieter stretch ahead.

Mulley in talks on U.K. Rhine Army costs

BY NICHOLAS COLCHESTER

BONN, Nov. 2.

MR. FRED Mulley, British Defence Secretary, ended talks with his West German opposite number, Herr Georg Leber, in Bonn to-day, claiming that he had found German "goodwill" in trying to find *some way of* assisting the U.K. in meeting the foreign exchange costs of the Army of the Rhine.

Mr. Mulley said Britain could only maintain a full contribution *to NATO if its partners helped* to stem the decline of sterling. He told a Press conference, after talks with Herr Leber, that unless problems influencing the pound's slide were solved, Britain will not have the foreign currency to go through with its full contribution to NATO.

Mr. Mulley said he did not threaten in his talks with Herr Leber to reduce Britain's armed forces in West Germany, but the pressures on sterling had led to a need for Britain's burden of keeping them there to be shared further.

The British Minister explained that he and Herr Leber had not discussed this question in detail, because it was a matter for Foreign Ministries and Finance Ministries, but he added: "We are agreed in believing, as indeed Chancellor Schmidt has already said, that it is a problem that can be solved between friends and allies."

A greater part of the discussion was devoted to arms co-operation and standardisation, and in particular the difficult *question of standardising tanks* and tank components.

Mr. Mulley stressed the problems created by the fact that the U.S. and West Germany were interested in introducing new tanks now, while Britain, which had just re-equipped itself with the Chieftain, had no interest in new tanks till the late 1980s.

He admitted that these differing requirements made the maintenance of Britain's traditional role as supplier of NATO tank guns "a difficult problem." The talk here had been "frank and helpful" but no decisions had been reached.

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Portuguese Socialists avoid an open rupture

BY OUR OWN CORRESPONDENT

LISBON, Nov. 2.

THE NATIONAL congress of the Socialist Party has unanimously elected Sr. Mario Soares to a second two-year term as party secretary-general, but produced disaffection by followers of Left-wing Agriculture Minister Sr. Antonio Lopes Cardoso. Criticising recent Government measures to restore factory discipline and limit wage rises, they took about a quarter of the seats on the party's 151-member national political commission. Sr. Soares had privately pressed for a single compromise ticket for the commission.

The congress seemed to open the possibility of Sr. Cardoso's departure, something party moderates have been quietly seeking during recent weeks, along with the departure of Labour Minister Sr. Francisco Marcelo Curto. But the congress did not lead to a party schism.

Trying to avoid such a break, Sr. Cardoso declined to join the opposition ticket for the national commission.

Sr. Soares skirted the issue in his closing speech at the congress, saying "all's well that ends well," and emphasising the clear victory of his supporters over the halting Left opposition. "There is now a clearly defined minority and a clearly defined majority, which is proper for a democratic party. Policy is defined by the party majority and its secretary-general," he said.

Now he must continue running the Government against the background of 15 per cent. unemployment, 30 per cent. inflation, dwindling foreign currency reserves, and the test of *local elections in December.*

Madrid strike worsens with leaders jailed

BY ROGER MATTHEWS

MADRID, Nov. 2.

FORECASTS of a swift end to Madrid's five-day-old public transport strike evaporated to-day amid rubber bullets, tear gas, smoke bombs and a decision by the main political court to send three of the dispute leaders to jail.

From before dawn to early afternoon riot police foiled any attempt by the strikers to meet or demonstrate. Several people were injured and the city's main shopping street was shrouded in a cloud of choking tear gas.

The first serious clashes of the day began before 6 a.m. when most of the 7,000 bus drivers and conductors tried to hold a meeting near one of the main municipal depots in the north of the city. They were dispersed during three hours of running battles, *in which the violence* seemed to come exclusively from the police side.

Efforts continued, meanwhile, to bring out the underground railway workers in solidarity, a move anticipated by the authorities who had drafted police into many stations and workshops. Some taxi drivers said they had started a sympathy go-slow.

The decision of the Public Order Court to release only four of the strike leaders on bail, while sending the other three to prison to await trial, hinders any solution to the stoppage. The strikers insist all their arrested or sacked colleagues must be reinstated before they will return to work.

The mayor of Madrid has threatened to impose further sanctions on the strikers unless *they return to work immediately.*

French complaint about EEC subsidies

By David Curry

PARIS, Nov. 2.

FRANCE to-day added its voice to those calling for a revision of the Common Market mechanism which subsidises from EEC funds the food imports of countries with devaluing currencies. Speaking to an Anglo-American Press Association lunch, M. Louis de Guirangaud, the French Foreign Minister, said that the system *of paying* Monetary Compensation Amounts (MCAs) to maintain the uniformity of farm prices throughout the EEC had never been intended to apply to the present situation, in which the Community was meeting around 44 per cent. of the cost of British food imports from the Common Market.

The MCA mechanism had been designed to work in a regime of fixed parities and to cope with *parity changes of perhaps up to* 15 per cent. "Those who have to meet the bill for the present subsidy," said M. de Guirangaud, "don't like it."

He did not put forward a French solution, although he mentioned that experts had floated the idea of a 15 per cent. ceiling on MCAs, which are running at £500m. a year, representing about a quarter of the farm budget. The British Govern*ment had refused to devalue the* green pound—the parity of sterling for agricultural purposes—and hence reduce the need for MCAs.

Discussing the Community regime for fishing within the 200-mile EEC zone, to be declared on January 1, M. de Guirangaud indicated that he regarded the problems of national claims for special treatment for their own fishermen as being technically, rather than politically, difficult. He noted that a number of Governments—he mentioned Ireland—had important fishing constituencies to think about.

The Foreign Minister affirmed that France would not back down from its decision to supply a nuclear reprocessing plant to Pakistan — a proposal which aroused strong international *opposition, particularly from the* U.S., on the grounds that it ran counter to efforts to control nuclear proliferation. However, he affirmed equally strongly that France would pursue the parallel policy of seeking ways to prevent the spread of facilities which could be used to manufacture nuclear weapons.

This reflects the decision taken last month by a special ministerial council, presided over by President Giscard d'Estaing, called in the wake of a controversy over the Pakistan sale. The council decided that France would be ready to discuss stricter controls over nuclear exports with other suppliers, and with importing countries with ambitious nuclear programmes. It also decided to improve this country's own control over nuclear exports, while retaining *independence in this field.*

Turkey and USSR begin co-operation discussions

BY METIN MUNIR

ANKARA, Nov. 2

CONSULTATIONS are underway here between Turkey and the Soviet Union on drafting a "political document on friendly relations and co-operation," official sources here said to-day. The document is to be signed at a high level meeting between the two States and aims at "expanding and strengthening" relations.

Both Turkish and Soviet officials here confirmed that consultations were being held on the draft of a document Moscow *submitted to* Ankara several months ago, but refused to be explicit. The decision to sign a document on co-operation was reached between Turkish Prime Minister Suleyman Demirel and Soviet Premier Alexei Kosygin in Ankara during the latter's visit last December.

In 1972, the two States signed a document on the Principles of Good Neighbourliness. Turkish officials said that consultations were being held to set a date for Turkish President Fahri Koruturk to visit the Soviet Union. Mr. Demirel, his Foreign Minister and the Minister of Energy and Natural Resources are also scheduled to visit the Soviet Union at undetermined dates.

Relations between Turkey and the Soviet Union started improving in the 1960s after Moscow renounced its territorial claims on Turkey. The improvement has been particularly marked in the economic field.

The negotiations on the document come at a time when Turkey's relations with the West are at a low ebb. Ankara's bitterness over the U.S. arms embargo, *which has been in effect for over* a year, has recently deepened with the deadlock in its relations with the Common Market. There is no sign, however, that Mr. Demirel's Right-wing coalition Government is preparing to decamp from the West.

John Wicks adds from Zurich: *Discussions* were held in the Turkish Embassy in Berne to-day between Greek and Turkish delegations on the Aegean continental shelf and off-shore oil and gas reserves. The talks are *to be continued to-morrow* at the Greek Embassy and may last at least one more day.

Reuter reports from Paris: Greek and Turkish diplomats opened negotiations here to-day on the dispute over the use of air space over the Aegean Sea. Greek diplomats said "guarded optimism" prevailed at the talks at the Greek Embassy.

Turkish commercial planes have not flown over Greek parts of the Aegean since the 1974 Turkish invasion of Cyprus. Turkey has demanded that Aegean air space be equally divided between the two nations.

Soviet expert predicts economic growth in West

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

A LEADING Soviet specialist on world economic affairs said yesterday that he believed the West's economic prospects were improving, and that growth rates would pick up in the next year or two. But he also foresaw problems with raw materials, currencies and unemployment.

He is Academician Nikolai Inozemtsev, Director of the Moscow-based Institute for World Economy and International Relations, which prepares economic forecasts for the Soviet Politburo. Mr. Inozemtsev, in London as part of the delegation led by Mr. Boris Ponomarev, said in an interview with the Financial Times that the capitalist countries were getting over what he called a "crisis of over-production" and were heading for more balanced growth.

On currencies, Mr. Inozemtsev said difficulties would continue so long as the relative economic potential of different countries changed. But, if there were another Bretton Woods type of conference to reorganise world currencies, the socialist countries' importance in the world economy demanded that their interests be taken into account.

But this did not necessarily mean that the Russians would make the *rouble convertible*, or that they would join a new monetary system. The present non-convertibility of eastern currencies had not prevented the growth of East-West trade, he said.

Mr. Inozemtsev pointed out that the new Soviet five-year plan attached great importance to foreign trade. He also believed that the character of the Soviet economy was changing. Previously, a nation which only saw foreign trade in terms of satisfying its short-term needs, the Soviet Union was now building up export industries in order to play a role on world markets.

Husak hurries to Moscow

BY PAUL LENDVAI

VIENNA, Nov. 2.

THE CZECHOSLOVAK President and Communist Party leader, Mr. Gustav Husak paid to-day what is described as a "short friend*ship visit" to Moscow* at the invitation of the Soviet Communist Party Central Committee. Mr. Husak was received by Mr. Leonid Brezhnev and other Soviet leaders.

On his last visit to Moscow, in November, 1975, Mr. Husak was accompanied by four other members of the party Presidium. The fact that he went alone to-day suggests that changes may take place in the top party and Government leadership. Czechoslovakia is faced with growing economic difficulties. In September, two senior vice-premiers and a Minister of Agriculture were dismissed. As a result of the disappointing harvest, Czechoslovakia, which wanted to be self-sufficient in grain during the current five-year plan, is now forced to import additional *quantities of grain and other* food. The reluctance of the USSR to increase crude oil deliveries is also causing problems. Observers speculate that Mr. Husak may well ask the Soviet leadership for aid.

EEC partners to pay Italy debt to U.K.

BRUSSELS, Nov.

THE EEC Monetary Commi[ttee has] agreed in principle that [the] EEC countries will take [over] Italy's $486m. debt to Britain, to be repaid by December, Reuter reports. The fi[nal] decision is expected to be t[aken] by EEC Finance Ministers w[hen] they meet here on Mon[day]. Sources said some Commi[ttee] members might opt out of [the] arrangement, but there would [be] enough participants to take [over] the whole amount.

Britain told Italy last mo[nth it] wanted back the money, p[art of] an EEC aid package to Ital[y, to] help repay part of its own $[...] international stand-by [credit] which falls due on Decemb[er].

The sources said there w[as] discussion at the Monetary [Com]mittee, which consists of central bankers and fi[nance] ministry officials, of any [co-]operation for Britain on [...] the $3.9bn. credit the U.[K. is] negotiating with the IMF.

Participants at the session [said] that the sterling problem wa[s one] that went beyond the sco[pe of] the EEC. They *said tha[t]* Finance Ministers were expected to discuss in any [...] next week ideas for underm[ining] volatile elements in the [so-]called sterling balances.

Italy will lend Ro[mania] $240m. to finance purcha[ses of] Italian goods under a c[ommer]cial agreement signed [by] the two nations, Foreign Minister, Sig. Rinaldo [...] said. The credit will be [at an] interest rate of 7.5 per [cent.] and will be made availab[le in] three tranches of $80m., with an eight-year life, over [the] next three years.

Fish talks with Iceland put off

By Robin Reeves

BRUSSELS, No[v.]

EUROPEAN Community ne[gotia]tions with Iceland on a ne[w fish]ing agreement for [EEC] trawlers will not open [to-]morrow as originally plann[ed], the Brussels Commission [said]. U.K. urgently needs a[n] arrangement for its distant [water] fleet in place of the shor[t-term] bilateral Oslo agreement [that] ended the last "cod war," which expires in just over [two] weeks' time.

However, EEC [sources] emphasised here to-day th[e] delay was not politically s[ignifi]cant but was the result of [prac]tical problems, including [the] lateness of last wee[k's] fisheries agreement [by] Foreign Ministers of the Ni[ne].

New dates for the open[ing of] *negotiations*, not only wi[th Ice]land, but also with Ne[orway,] Canada and the U.S. [on] reciprocal fishing agree[ments] would be fixed very shortly, [it was] said.

THE CLUB OF ROME

Rich against poor

BY ANTHONY ROBINSON, RECENTLY IN ALGIERS

"RE-SHAPING the international order" is the ambitious title of the latest report to the Club of Rome which has just formed the basis of a week's debate in Algiers on how to head off the prospect of a global clash between rich and poor countries in a world of rapidly rising population, arms proliferation, and frustration.

The idea of the report originated with Sig. Aurelio Peccei, founder and chairman of the Club of Rome, who asked the Dutch Nobel Prize winning economist, Mr. Jan Tinbergen, to investigate and propose solutions to some of the thorniest problems of world development—from arms control, to use of the ocean resources, the reform of the international monetary system, the transfer of technology, trade and other questions. The actual work was done by 21 groups and the entire project was financed by the Dutch Ministry for Development.

The initial spur to the report *was the Charter of Economic* Rights and Duties of States worked out by the sixth special session of the UN two years ago. Much of the pressure behind the Charter came from the Mexican and Algerian Governments. Both are engaged in the difficult process of rapid industrialisation and face in an extreme form many of the problems created not only by population growth and the domestic results of in*dustrialisation* but by what they see as an unfair international institutional set-up.

An international monetary system which they claim more than nullifies the net value of aid by syphoning off financial resources from the poorest countries to the richest, the brain drain of skilled personel which more than offsets technical and educational aid, the restricted access to developed world markets for Third World industrial exports, limited and expensive access to technology: these and many more are the problems which the Third World believes stem from the present international order.

This is the background to the Algerian Government's decision to finance and host last week's conference to discuss the report in Algiers.

The basic assumption behind the Rio report is that the present international order carries within it seeds of a conflict which is not in the interests of either the developed or developing world. It calls instead for a new framework of mutually beneficial packages and approaches. But neither the message nor the contents are particularly new or startling.

Its assumptions are similar to those which lie behind the North-South Dialogue, the UNCTAD meetings, the UN Law of the Sea conference, and the work of countless other development agencies. As one observer cruelly remarked, the report pictures a kind of reasonable world which would be possible if the planet were populated by Dutch Social Democrats. It will probably excite little of the controversial fireworks sparked off *by the Club of Rome's first* report, prepared by Professor Meadowes back in 1972.

In 1972, the warning about the limits to economic growth constituted by the progressive *exhaustion of natural* resources displeased both the technocratically confident developed world and the Third World, which interpreted it as a justification for its continuing poverty. And yet, in spite of the above criticism, and that of participants who observed the absence of representatives from China (invited but not present), the trans-national companies and banks (also invited but not present), and the scarce representation of the centrally planned Socialist countries, it is still possible to argue that the Rio report, the conference and the Rio Foundation (set up to carry out the recommendations of the report) contain within them a basic message which the world can only ignore at its peril.

Signor Pecci believes that unless Europe makes a special effort to establish the kind of relations which permit the transfer of technology, know how and capital, as well as the absorbtion of Third World industrial products, it will find itself in an increasingly vulnerable position as a small, rich minority in an increasingly hostile world which controls its energy and raw material supplies.

That this adjustment process is likely to be a painful one emerged from the speech of the OECD representative at the conference who, in calling for freer trade, said that the abolition of tariff and other barriers to Third World Industrial imports would cost the jobs of 2 per cent. of the total labour force in developed countries. It would certainly create a substantial problem of industrial re-conversion and job creation, but would help consumers through lower prices while opening up new opportunities for investment and employment in the developing countries.

Algeria's industry and power minister, Mr. Belaid Abdessalam, spoke for many Third World countries when he complained bitterly of the cost and difficulty of obtaining much needed technology and particularly of obtaining it through the transnational enterprises which, specially after Chile, are viewed with enormous suspicion by the third world.

The argument that technology is expensive because research and development is an extremely risky and costly busines cut little ice. But the approach which various speakers did suggest was for the developed countries to devote more attention to developing technologies of direct relevance to the problems of the *Third World and* help the developing countries set up their own R and D facilities.

Technology is one area where improved access and re-shaped priorities can achieve benefits for *the developing countries without* loss to the developed countries. But as Professor Robert Triffin pointed out in his contribution to the report, one of the most important priorities for re-shaping is the international monetary system which is heavily loaded against the poor countries at present.

But as the former U.S. Assistant Secretary of State, Mr. Harlan Cleveland, pointed out, the institutional shortcomings are not the fault of the developed countries alone. Public opinion in the U.S., he said, was ahead of the Government in recognising the need for a new international approach. But there was strong resistance to giving aid which ended up in the pockets of rich elites in such countries.

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AMERICAN NEWS

U.S. oil-shale projects receive major setback

BY JAY PALMER NEW YORK, Nov. 2.

ON THE EVE of a presidential election that will also have voters in several key states approving or disapproving plans for the local expansion of nuclear energy supplies, one serious U.S. alternative energy source appears to have received a major setback.

Late yesterday, the U.S. Interior Department approved two separate companies' requests to suspend all development operations on two oil-shale projects located on federal land. This suspension, for 12 months, follows similar Interior Department action a couple of months ago on other developments.

In this case the two consortia apparently requested the immediate suspension because they were encountering insoluble environmental problems in planning the development and were afraid of probably punitive lawsuits if they continued.

The Interior Department said that internal studies by the companies, since confirmed by the Interior authorities, showed that for intermittent periods the development would produce natural air and ground pollution well in excess of minimum federal standards.

Both tracts are in Utah. One was being developed by a consortium headed by Philips and the other by Standard Oil of Ohio. The federal Government suspension means an immediate halt in all quarterly lease payments on the property by the two groups.

However, although the two companies did not mention the subject, many now believe that the requests for suspension owe more to financial problems than to pollution. Recently, Congress killed plans by the Ford administration and the oil industry that would have provided financial aid for expensive oil-shale projects.

Statistics body probe in Canada

BY VICTOR MACKIE OTTAWA, Nov. 2.

CANADA'S CHIEF statistician has been asked to conduct an inquiry into all contracts that Statistics Canada, the Government statistics body, entered into with anyone outside the Government, Mr. Jean Chretien, Minister of Industry, Trade and Commerce, announced to-day.

Under questioning in Parliament from Mr. Elmer Mackay, a Progressive Conservative MP, Mr. Chretien said he could not reveal details about the inquiry until he was satisfied it had taken place. Chief Statistician Peter Kirkham has agreed to conduct it in an attempt to verify that nothing illegal or unusual involves Statistics Canada or public servants employed there.

The exchange in the Commons was the latest in a series of questions by the Opposition. It has charged that employees of Statistics Canada are engaged in peddling information. Two weeks ago, Mr. Chretien said four employes were "simply moonlighting."

In 1974 when the employees formed a consulting firm and sold statistics to a company, the statistics were not confidential although the operation was considered by the police to involve conflict of interest. One employee was demoted, two others were reprimanded and the fourth found to have played only a marginal role in the activity.

● An Opposition member to-day cast doubts on the constitutionality of a Governmen Bill aimed at halting loan sharking and protecting borrowers from unfair interest rates. Mr. Heward Grafftv, a progressive Conservative spokesman, told the Commons during debate on the second reading of the Borrowers and Depositors Protection Bill that he doubted there had been full consultation with the Provinces before it was introduced. There were a number of areas that the Bill would seek to control that came under provincial jurisdiction. He said there might he some conflict with trial law in his home province of Quebec.

Language test may end

BY ROBERT GIBBENS MONTREAL, Nov. 2.

QUEBEC PREMIER Robert Bourassa is expected to announce soon an end to language tests for pre-school children of non-English immigrants to Quebec.

The language tests are a key issue to the November 15 provincial election. Under Bill 22, the children of non-English immigrants have to pass a Government operated language test before they are accepted in the English public primary school system.

The tests have been operated for two school years and about half the children have failed. This has aroused anger among Italian and Greek immigrants who say the tests are unfairly applied. "Failed" children are sent to the French-language system.

Immigrants threaten to vote against the ruling Liberal Party in the election unless the tests are modified or withdrawn. Opponents claim the effect is to make non-English immigrants second-class citizens, denying them a basic human right—the parent's right to choose the language of education for his children.

Premier Bourassa is known to have been adamant about the language tests up to this point, even though he has said he would study their application. However, the chorus of protest and attention being given to the Parti Quebecois opposition and the Union Nationale in the election campaign, particularly in English-speaking and immigrant ridings in Greater Montreal, is understood to have convinced him to change his mind.

Municipal Affairs Minister Victor Goldbloom says he expects Mr. Bourassa to announce important changes in Bill 22 in the next few days. Other Liberal sources claim he will wait till the last week of the campaign.

Cost of B-1 bomber said to have risen by 25%

The cost of the controversial B-1 bomber has risen by 25 per cent. since the last disclosed figure of $90m. per aircraft, Reuter reports from Washington.

The U.S. Air Force, which wants 224 of the aircraft was putting pressure on the manufacturers, Rockwell International, to lower the cost, reports said.

They also said that the Air Force was considering reducing its order to help get Congressional approval, although this would increase the cost of each plane.

The B-1 bomber project has become a major campaign issue, with President Ford supporting it and Democratic challenger Jimmy Carter condemning it as wasteful.

The Pentagon is due to make its final recommendation on the construction programme later this month, although Congress has restricted the Government from taking a decision until next February.

Helsinki pact monitoring

The State Department has said that three executive branch members of a Congressionally-mandated commission for monitoring compliance with the East-West Helsinki Accord will not take part in the panels meetings with the Soviet Union and 24 other Communist and Western countries, UPI reports from Washington. In an unusually stiff statement, the Department accused commission chairman Rep. Dante Fascell (Democrat-Florida) of making an "outrageously erroneous statement . . . on the eve of the Presidential election" by accusing the Department of lack of co-operation. Mr. Fascell, in a statement in Miami, had termed Secretary of State Henry Kissinger's instructions to the executive branch members to abstain from the meetings "a deeply regrettable, last-minute policy reversal."

Jamaica shooting

Jamaican Opposition leader Edward Seaga and former Prime Minister Hugh Shearer came under a blast of shotgun fire when their campaign motorcade passed a local headquarters of the ruling People's National Party (PNP) on Monday night, police said in Kingston, Reuter reports. Neither Mr. Seaga nor Mr. Shearer was hit but 10 people were injured, six seriously, police said. A hospital spokesman said two men were hit in the face. Opposition supporters in the motorcade chased off the gunmen and then burned down the PNP office in York Town, Clarendon, about 45 miles from Kingston.

Canada fishing zone

The Canadian Cabinet has issued a formal order proclaiming a 200-mile offshore fisheries zone, effective on January 1, Reuter reports from Ottawa. The order gives the 60 days' notice required under a 1971 law to bring the zone into effect. The Cabinet ruling says negotiations are under way with the U.S., France and Denmark to determine where Canadian zones conflict with those of other countries.

'Chicken war' could end this week

WASHINGTON, Nov. 2.

A final solution to a longstanding "chicken war" trade dispute between the United States and the European Common Market may be reached late this week, a White House aide said.

A spokesman in the office of the White House Special Trade Representative said officials here are hoping to hear from Brussels that the Common Market has offered to reduce tariffs on American turkey parts.

If a "substantial" offer is received, the U.S. will allow a two-year-old cut in its tariffs on some French brandies to continue. If not, the brandy tariffs will be raised.

The dispute goes back to the early 1960s when the Common Market moved to protect its own farmers by raising import levies against a thriving export trade for American chicken and turkey. The U.S. retaliated in what became known as the "chicken war" by raising duties on some European cars and other products including brandy.

About two years ago, hoping to effect a compromise, American officials took the first step by reducing the high tariffs on some French brandies. After a long period in which no reciprocal move came from the Common Market, spokesmen announced the brandy duties would be re-imposed soon unless something was done.

A spokesman said a team of American technical experts, who discussed a possible compromise with European leaders, returned last week-end from Brussels and word of a final European offer is expected quickly. UPI

Esquire magazine gains

BY OUR OWN CORRESPONDENT NEW YORK, Nov 2.

ESQUIRE magazine, despite a sharp drop in total circulation, appears to have been the strongest gainer in terms of total 1976 magazine readership. But as usual, those U.S. magazines which fared less well in Simmons Associates annual study of circulation and readership are hotly disputing the accuracy and basis of the survey.

The Simmons survey is probably the most important and the most influential of the three regular annual studies of the total number and identities of those who read magazines. These studies collectively are known to carry a major influence on the way advertisers spend their money.

The 1976-77 study shows that Esquire, a major loser last year, has managed to increase its average total readership from 4.1m. to 4.6m. This came about because of an increase in the average number of readers per copy since actual total circulation fell from 1,250,000 to about 1m.

This year, according to Simmons, the head-on battle for total readership between Time magazine and Newsweek that existed 12 months ago has been more or less won by Time. Although Newsweek is reported to have a higher number of readers per copy, Time's larger total circulation (4.5m. to 3m.) leaves it well in the lead in terms of readership.

The only other notably strong performer this year was the New Yorker with a total readership of around the 20m. mark. This compares to only about 10m. two years ago and reflects strong rises in both circulation and the number of readers per copy.

Barbados plot alleged

BY OUR OWN CORRESPONDENT BRIDGETOWN, Nov. 2.

THE BARBADOS Government—in office for only two months—has uncovered a plot aimed at its overthrow, Prime Minister Mr. Tom Adams has said in a radio and television broadcast.

Mr. Adams said that the conspiracy involved a "notorious rather than just well-known" Barbadian whom he did not name but who has been detained by police in the nearby French island of Martinique aboard a launch laden with guns and ammunition, two Americans who have been deported from Barbados and two members of the opposition Democratic Labour Party, which lost the September 2 general elections after 15 consecutive years in power.

The Prime Minister hinted that his government would seek legislative approval soon for increased powers to deal with subversion. His government, he said, wanted to ensure that confidence in the people of Barbados and in the island nation's stability are not destroyed by what he termed "a collection of crackpots and power hungry paranoids."

Mr. Adams said that police had held Mr. Earl Glasgow, personal aide to former Prime Minister Mr. Errol Barrow, for questioning in connection with the affair.

Ex-Minister indicted

An Argentinian Federal judge has indicted Sr. Jose Gelbard, one of the many Economy Ministers during the Peronist regime deposed on March 24, for embezzlement and misuse of public funds in connection with a Peronist charity organisation, the "Solidarity Crusade," Robert Lindley writes from Buenos Aires. Previously the military regime had stripped Sr. Gelbard of his citizenship. He was born in Poland and is believed to be in the United States.

In the first of three reports, **David White**, just back from a journey up the Amazon, examines the dangers of turning the jungle into a desert.

Opening up the back garden of Brazil

FLYING over the Amazon, you can see two different worlds, and the scale of both is impressive. One, still dominant by far, is the unbroken forest, through which one rarely sees the ground, only treetops and ribbons of river and, very rarely and miraculously, a pink strip of road. But in some areas you see nothing but smoke, mile after mile of ground being burnt clear.

In some respects, Amazon development has hardly made a start. Almost nothing is known about what is contained in or what can be done with this immense back garden—half of Brazil, bigger than India, with a third of the world's remaining broad-leaf trees, a fifth of its fresh water, perhaps a big share of its minerals and, throughout most of it, less than one person per square mile.

On the other hand, recent changes in the region have gathered momentum rapidly. People are moving in and clearing room for themselves before anybody is really sure what risks are entailed. Abroad as much as in Brazil, there is concern about the possible destruction of the region's remaining pure-blood Indian population and its fragile ecological system. A German scientist has pointed out that, if present trends were continued (and, to be fair, there is some determination to change them), there would be no forest left by AD 2003.

But the question, whether development is worth it has been overtaken: the Amazon is going ahead willy-nilly. Road building started at the height of Brazil's economic boom, has advanced by erratic bounds. The 3,000-mile Transamazonian highway, still unfinished, was designed for drought-stricken peasants from the northeast — a settlement policy which Sao Paulo's leading newspaper once described as "inefficient, pointless, and illusory." In any case, it has been overtaken by the unprompted influx of other immigrants, and the settlements agency has problems enough keeping up with them.

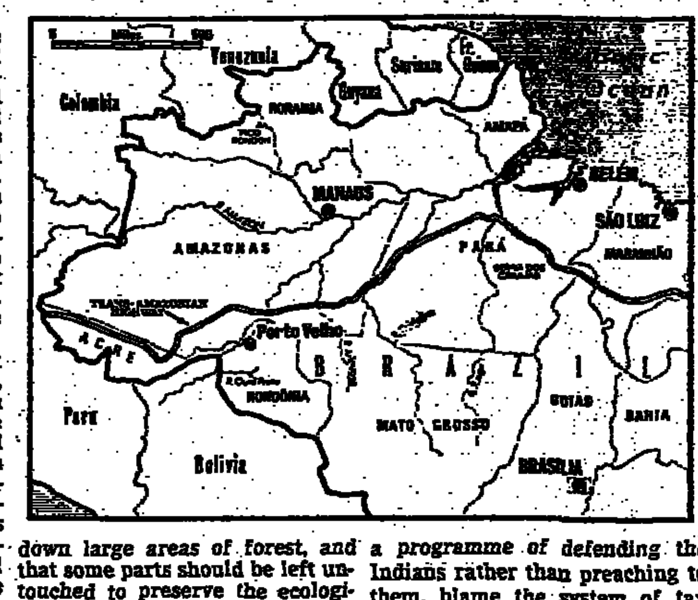
Roads now under construction are intended to give better access to mineral deposits and the northern frontiers. Rather than roadside ribbon colonisation, the government is concentrating on selected settlement centres, and on bringing in bigger enterprises to farm the open spaces. Business, which in the 19th century went through a rubber boom (aborted by an Englishman who smuggled seedlings out to Malaya) and rather less heady days of Brazil nuts, is now going into cattle.

More than 300 companies have ranching plans approved and supported by the Sudam development agency—including food groups such as Swift-Armour and Nestlé, and less likely customers such as Liquigas of Italy, which has the biggest ranch (1.5m. acres), and Volkswagen, which started clearing part of its Rio Cristalino property before finding that it needed permission to do so when it had already cut down 40 square miles of forest. It seems that everyone has gone in head-first.

Although a lot is known about the Amazon's flora and fauna, agricultural research is only in its first stages. The first thorough survey of the region's natural resources is being drawn up with an ambitious airborne radar project, using U.S. technical assistance. The "Radam" team is examining soil and forest, defining possible mineral areas, and making maps. The Amazon is still not the world's most amenable region; the team of 430 people registered 56 malaria attacks last year. Since it started in 1971 it has lost 43 of its members, eight helicopters, four aircraft and two boats.

The maps provide the most striking example of how much the Amazon has remained the "great unknown." Last year, "Radam" found a river, a tributary of a tributary of a tributary of the Amazon, 300 miles long. Dozens of other rivers have been discovered or put in their proper places. The iron-rich Serra dos Carajás mountains—originally marked as running from north to south—in fact lie east-west, and one of Brazil's highest summits, Pico Rondon, was found to be marked 30 miles out of place.

One of the conclusions "Radam" has come to is that there is indeed a serious risk of creating a desert by cutting



down large areas of forest, and that some parts should be left untouched to preserve the ecological balance. The Amazon charges its own batteries, uses the oxygen it creates, and sustains the rain cycle with evaporation from the trees. According to recent research forest clearance can reduce rainfall by a third. With no leaves to drip off, the rain runs down to the rivers, and the shallow soil erodes. For all that, the ecological case against farm development has often been overstated. As is apparent from the "Radam" survey, the region contains a large variety of soils and climates, and many areas that are suitable for cattle and crops, without, as long as enough tree cover is kept, creating a dust bowl. The problem is how to set about it, and it is a social problem as much as anything else.

The risk to Brazil's Indians has set the Church on to a collision course with the developers. Members of the Native Missionary Council, which has embarked on a programme of defending the Indians rather than preaching to them, blame the system of tax incentives granted to companies in the Amazon for an uncontrolled land grab. The Indians are among the main victims.

Indians make up only a tiny part of Brazil's 110m. population. About half of them, 50,000 or so, live in the Amazon, in 94 known tribal groups; in the whole of Brazil there are 143 groups, compared with 230 in 1900. They have been reduced by influenza, measles, tuberculosis, syphilis and, in the not-too-distant past, outright killings. Most of the isolated tribes live in the far north, where another east-west road is being constructed. The Government has set up four big national Indian parks and a series of reserves and contact posts, but it is still a struggle to uphold the Indian's claim to hunting land. Bilingual teaching is being brought in to reinforce the endangered cultures and, it is hoped, to give the Indians a genuine choice as to their future. A park director in Rondonia, at odds with the settlement authorities and local farmers, was reasonably optimistic that the two societies could co-exist if the Indian were integrated more into the country's economic life. "You don't destroy his culture," he said, "if you give him a shirt or teach him how to use his land."

The missionaries, however, are more radically opposed to integration, and have incurred the wrath not only of the Government but also of the National Agriculture Confederation, whose chairman recently accused them of subversion.

The problems of the Indians reflect a wider social problem—the disorganised rush for land, the difficulty of governing outlying areas, and the tendency of landowners towards home-rule. Owners of big land holdings are pushing smallholders further north or taking them on as labourers. These sometimes work under conditions of near-slavery. In Acre, there are reports of Indians being used on rubber plantations, paid only in *cachaça*—a crude sort of rum.

The conditions of farm labourers and the struggles of small settlers have doubtless contributed to growing discontent with the Government. The opposition has established strongholds in Amazonas, Acre and Rondônia. Sr. Joel Ferreira, an opposition deputy in Brasilia who is tipped to become governor of Amazonas state if elections go ahead in 1978, attributes his support largely to weak local Governments and a lack of continuity in development projects. He points to the shortage of schooling and health facilities in the interior, the lack of technical assistance, and to slowness in legalising land ownership.

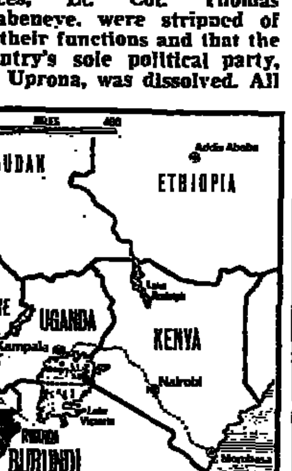
OVERSEAS NEWS

Army coup overthrows President in Burundi

By Our Labour Staff

THE Ten-year-old regime of President Michel Micombero was overthrown on Monday in a *bloodless* coup by a group of army officers led by Lt. Col. Nel Bagaza, who took over as head of state.

The radio in the capital, *Bujumbura, monitored in* Kinshasa, yesterday broadcast an army communique announcing that President Micombero and the commander in chief of the Burundi armed forces, Lt. Col. Thomas Ndabeneye, were stripped of all their functions and that the country's sole political party, the Uprona, was dissolved. All



members of Micombero's cabinet are believed to have been ousted.

All telephone and cable communications between Burundi and the outside world were cut and a dusk to dawn curfew imposed, the communique said.

It accused the 36-year-old President of taking too much personal power while allowing the economy "to go adrift, pulled in all directions by multiple cliques and selfish politicians, greedy for personal power and material goods."

The coup culminates ten years of violent and divisive rule during which hundreds of thousands were killed and tens of thousands more fled to neighbouring countries.

President Micombero, a member of the minority ruling Tutsi tribe, emerged from the Brussels Military Academy as a police officer with the rank of captain in 1962 when Burundi received its independence from Belgium. On his return to Burundi, he transferred to the army and quickly rose to the post of army commander in chief. In 1966, he seized power, overthrowing the 19-year-old King Mwami Ntare V and declaring a republic.

South African payments balance starts to improve

BY GRAHAM HATTON — JOHANNESBURG, Nov. 2.

SOUTH AFRICA's current payments deficit was more than halved in the September quarter, from R490 (£350m.) in the June quarter, the Reserve Bank *governor Dr. T. W. De Jong said* in Pretoria to-day.

Addressing stockholders of the National Finance Corporation, of which he is chairman, he explained that the provisional balance of payments estimates also indicated that the net inflow of foreign capital had remained on the same level as during the June quarter.

Thus foreign reserves dropped in the September quarter by only R120m. compared with a fall of R395m. in the June quarter. In fact, the reserves actually increased in September and October, those held by the Reserve Bank showing a gain of R63m.

Various policy measures have started to have a corrective effect on the economy, the governor said. Evidence of this was the *fact* that the banks' claims on the Government were sharply reduced during the September quarter, and although bank credit to the private sector *again increased, the quantity* of money and near-money actually decreased during this period.

The governor added: "While *the favourable developments are* welcome indeed, they do not mean that we have reached the stage where a relaxation of monetary and fiscal policies can be considered—all the more so as the present rate of inflation of more than 11 per cent. remains unacceptably high. What can be said is that during the *past two months the severe* pressure on the country's gold and foreign exchange reserves has definitely eased."

Dr. De Jong said it would be unwise at this stage to conclude that the turning point in the balance of payments had already been reached. The improvement in the current deficit would continue, particularly if the price of gold continued to show its recent strength, but a question mark hung over further developments in the economics of the industrial world.

As far as the capital account of the balance of payments was concerned, the authorities had recently been largely successful in renewing outstanding foreign loans and some new loans had also been arranged.

Lebanon Right to accept troops

BY IHSAN HIJAZI — BEIRUT, Nov. 2.

RIGHT-WING Christians are reported to have agreed finally to allow the Arab peace keeping forces to enter the areas which they hold to ensure the re-opening of public highways.

Their assent followed a mission here yesterday by Mr. Zaid Rifai, a former Jordanian Premier who came as a special envoy of King Hussein, according to informed sources. After Mr. Rifai met President Elias Sarkis and Christian leaders, Mr. Camille Chamoun, head of the National Liberal Party, declared the alliance had decided to take a positive stand regarding the implementation of Arab summit resolutions.

Mr. Chamoun was the first prominent Christian leader to rule out the admission of Arab forces to areas controlled by the right-wing militias. He has been a close friend of the Hashemite monarch for many years.

It is believed that King Hussein *decided to use his good offices* with Mr. Chamoun after the latter had turned a deaf ear to Syrian requests for entry of Arab troops to the Christian *regions.*

The Jordanian mission, however, has evoked Palestinian apprehensions. Commando leaders were quoted in the Press to-day as recalling the suppression of the guerilla movement in Jordan in 1970. Mr. Nayef Hawatmeh, the head of the Marxist Democratic Front for the Liberation of Palestine, said that Jordan is still prepared to take part in any scheme aimed against the guerillas.

Mr. Hani al Hassan, a political adviser to Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, warned that the "conspiracy against the commando movement may take the form of assassinations."

Just the same, the reported Right-wing agreement to co-operate with the Arab peacekeeping force is seen as a major development in carrying out the peace *plan recommended* by the two Arab summit *conferences* last month.

Dr. Hassan Sabry El Kholy, the Arab League envoy, to-day called on President Sarkis and submitted a plan for enforcing the Lebanese peace. The plan had been laid down after two days of talks between Arab commanders and military aides of the Lebanese President.

Reuter reports from Beirut: The warring sides clashed early to-day in some of the heaviest overnight fighting in the capital since the latest ceasefire took effect on October 21.

Egypt will spend 20% more on defence

CAIRO, Nov. 2.

EGYPT'S CABINET has approved a draft $17.12bn. budget for the fiscal year beginning in January.

The Government-controlled Press reported to-day that appropriations for defence will increase by 20 per cent. over last year's budget. The exact figure for military spending is usually kept secret but it is generally believed to account for up to a third of the total appropriation.

Saudi Arabia and the Gulf states are financing most of Egypt's arms purchases.

"Appropriations for defence were increased by 20 per cent. to face the current unstable circumstances in the Middle East," the semi-official Al Ahram newspaper reported.

Last year's budget totalled $14.87bn. with a deficit of $3.25bn. The new budget lowers the deficit to $2 65bn., anticipating loans and aid as well as increased customs duties to cover the difference. Foreign experts believe that Egyptian estimates of deficits are inflated.

Egyptian Foreign Minister Ismail Fahmi arrived in Sofia yesterday on a special mission intended to ease Egypt's strained relations with the Soviet Union. He will have talks with Soviet Foreign Minister Andrei Gromyko, probably spread over two days.

Egypt is currently negotiating with the Chase Manhattan Bank for $A250m. loan to cover part of the deficit, it is understood. Saudi Arabia, Kuwait, Qatar and the United Arab Emirates, the participants in the Gulf organisation *for the* Development of Egypt, have apparently agreed to guarantee this loan.

The organisation was established early this year with a capital of $2bn. to develop Egypt's sagging economy, and with promises to help raise a remaining $10bn. that Egypt has requested from the Arabs.

Investments in the proposed budget increased to $3.25bn. from $2.08bn. allocated last year. War emergency fund appropriations are $2.06bn. compared with $1.6bn. — in case of war the government uses this fund for such things as first aid, medicine and internal defences.

The draft budget goes to Parliament to be debated and voted on within two weeks.

AP-DJ

ON OTHER PAGES

MOROCCAN POLITICS

Experiment with democracy

BY PAUL BETTS

MOROCCO is about to embark on its latest experiment in democracy. After nearly seven years of absolute and illiberal rule, King Hassan II has announced *a complicated electoral programme* that is to open on November 12 with local elections in the 16 regions of the kingdom, including the newly incorporated territories of the former Spanish Sahara, and will end 12 months later when Parliament, for the first time since 1970, will be convened. Before then, elections to trade unions and other professional bodies will be held, followed by Parliamentary elections.

The elections have already been the object of a lavish public relations campaign. Anxious to show the world that this time he actually intends to put the country on the road to democracy, the King has made *frequent and flamboyant* broadcasts, met leaders of all opposition parties, invited representatives of the world Press to travel all over the country, and has even arranged for them interviews with leading Left-wing personalities. For the first time since the attempt on his life at Skirat five years ago he has ventured out on horseback from *his palace to the Mechouar* Mosque in Rabat on the feast of Aid el Fitr which marks the end of Ramadam.

Last month, the King presided at the first meeting of a special Council of the Kingdom, representing the spread of political opinion in the country and appointed to ensure, in the King's words, that the elections are conducted in a free and impartial atmosphere.

His experiment has been given a cautious welcome in Morocco. Elections have been postponed on two previous ocasions. Opposition leaders are already questioning how much actual power the new Parliament will have. Although the aim is to give greater *regional participation in* government and wider representation by allowing all nine Moroccan political parties — including the Communist Party for Progress and *Socialism—to put forward* candidates, the new Parliament, they fear, is unlikely to prove much more than a rubber stamp. The King, according to the *Constitution, will continue to choose* the Government. At the same time, through Article 35 of the Constitution, modelled on Article 16 of the Gaullist Constitution of *France, he will retain the power* to dissolve Parliament and institute a state of emergency and direct rule.

The lack of organisation *within* the political parties provides another obstacle to the evolution of democracy in Morocco. Only the Istiqlal (Independence) Party *of moderate Left-wing tendencies* has any semblance of party organisation, an effective network of party cells throughout the country, and sufficient funds to fight a successful election campaign. The others represent on the whole small groups of intellectuals or members of the professional classes and are predominantly confined to the cities. In the case of the Party for Progress and Socialism the standing joke is that they hold their annual congress in a telephone booth. And as one diplomatic observer remarked, the result of any election would doubtlessly be an overwhelming victory for the Istiqlal Party.

"*If the experiment fails this time round,*" said Mr. Abderrahim Bouabid, secretary-general of the Socialist Union of Popular Forces, which was formed following a split in the Istiqlal Party, "it could have dire consequences for the monarchy."

Although the aim is to give greater regional participation in government and wider representation, opposition leaders fear that the new Parliament is unlikely to prove much more than a rubber stamp.

Mr. Bouabid, a former Finance Minister, pointed out that nearly 60 per cent. of the country's *population of 18m. were under* 20 and that 45 per cent. of the gross national income was accounted for by only 8 per cent. of the population. "The *majority of the country still* lives in primitive conditions. We must now have some process to redress such social imbalances. It is time that democracy became a legitimate right just as the country accepts on the whole the King's historical legitimacy."

The elections come at a time when the King's popularity is *waning. The jubilation that* followed the incorporation of the Western Sahara in February, which unified the country and turned the King into a national *hero, has now given way to* increasing frustration and despondency as a result of the persistent and successful resistance of the Algerian-backed Polisario Front.

In recent weeks, as the summer heat subsides and the nights grow longer, conditions in *the desert have become more* tolerable and the Front, which claims the support of most of the 60,000 inhabitants of the 100,000 square miles Western Sahara region, has launched a series of guerilla attacks deep into Moroccan territory. Last month reliable sources in Rabat reported that a Moroccan convoy *of lorries was ambushed on the* coastal track running from Tarfaya, near the Spanish Sahara border, to Tantan. And Polisario recently claimed that their *guerillas have shelled Al Ayoun,* the Moroccan capital of the new desert province, killing 24 Moroccan soldiers. "The situation at Al Ayoun is extremely difficult because of the attacks carried out by our guerillas," a Polisario spokesman said in Algiers.

Although the Moroccan Government has repeatedly denied *that Polisario poses a serious* threat to the country, the facts point otherwise. Some 15,000 troops, a quarter of the Moroccan Army, are currently stationed in the Western Sahara. Al Ayoun is guarded like a fortress. And as a direct result of the guerilla war and the threat of Algerian intervention, Moroccan has doubled its defence budget this year to $530m.

Discontent is spreading in the army. Soldiers complain that it can take at least three months before letters reach their families. Officers, according to diplomatic sources in Rabat, are frustrated not only because of the prolonged conflict, but be*cause no major promotions have* been made since the abortive coup on the King in 1971.

The elections, particularly in the Sahara regions, are there*fore, widely regarded as an* attempt by the King to consolidate his position and to distract attention from the failure so far to inflict a significant defeat on *the Polisario guerillas.* The elections will enhance the King's bargaining position when the Sahara issue comes up at the forthcoming conference of heads *of state of the Organisation of* African Unity.

The Sahara question, which has been carried on the front pages of Moroccan newspapers for most of the year, has indeed been displaced by the elections. The Government claims that more than 16,000 Saharans have *put themselves on the electoral* roll and that the elections will mute criticism that they have not been adequately consulted about their future.

The *Government* has also an nounced an ambitious development programme for the desert regions. About $227m. is being raised through the so-called "Sahara Loan"—an issue of national bonds at 7 per cent. for 15 years—for a number of projects including resettlement programmes for nomads, the construction of schools, three new airports, two fishing ports, the exploitation of underground water resources, and the building of five desalination plants.

At present, the only industry in the area is mining phosphate at the Bou Craa mines which employ some 1,500 workers and produces about 2.2m. tons annually. But production at Bou *Craa has come to* a standstill Polisario guerillas have repeatedly sabotaged the conveyor belt that carries the phosphate rock to the sea and in August they put the electric generator at Bou Craa out of action. For the Government the fact that production at Bou Craa has stopped is of no great concern. Morocco has the largest reserves of phos*phates in the world* and at a time of recession in the phosphate market the Government's policy towards Bou Craa is to make sure that no one else exploits it. But this has not helped to fulfil the promise of jobs which the King made when Morocco took over the Sahara regions.

The cost of policing the Western Sahara, the threat of *inflation moving* into double digits, criticisms over the continuing political repression, and lack of freedom of speech, the ineffective campaign against the Polisario Front and the danger of a military confrontation with Algeria, have all prompted the King to turn to the country for a show of popular support at a time when doubts have been cast over his state of health. For reports have been circulating both in Morocco and in Spain *that King Hassan,* who at 47 has escaped seven known assassination attempts, is suffering from cancer of the rectum. The reports have been officially denied *although* the Government has confirmed that the King has undergone two operations this year.

WORLD TRADE NEWS

Leyland may win foundry contract in Venezuela

By Kenneth Gooding

CIUDAD (Guyana), Nov. 2. BRITISH LEYLAND has been commissioned by the Venezuelans to draw up plans for an $80m. foundry project here, according to Dr. Argenis Gamboa, president of the State-owned Venezuelan Corporation of Guyana (CVG).

Private sector sources suggest that Leyland will almost certainly win a turnkey contract to supervise construction of the foundry. An announcement could be *timed to coincide with* the visit to the U.K. of President Carlos Andres Perez later in November.

This would represent a major breakthrough for U.K. know-how in Venezuela's massive industrialisation programme. Dr. Gamboa said that Leyland is also considered as a possible shareholder in the project which in any case would be only 49 per cent. owned by CVG.

The foundry scheme is linked with Venezuela's plans to produce diesel engines and tractors, *and it will have a 50,000 tonnes* a year capacity and make diesel engine blocks among other things.

It is expected that half this output will be exported and fed into other manufacturing operations of John Deere, the U.S. group which has a 20 per cent. stake in the tractor plant and is providing technology.

There has been some criticism from private sector importers about the Government decision to set up the tractor plant. But Dr. Gamboa insists that demand *is growing so rapidly that* Venezuela will be a 7,000 units a year market by 1980, the right size to support a *factory* of its own.

There will have to be some *degree of protection against* imported tractors in the early stages, however, perhaps in the form of subsidised interest rates to farmers buying locally-built *machines he added. In five* years the plant should have squeezed out all imported tractors according to private sector industrialists.

BSC Colombian order

A £2m. contract for rail track for Colombia has been awarded to the British Steel Corporation by Colombian National Railways. The rails will be shipped by the end of April next year. The order is the BSC's first major rail contract with Colombia.

U.K. urged to step up exports to S. Korea

By Richard Hall

MR. EDMUND DELL, Secretary of State —for Trade, complained yesterday of an "ignorance gap" *between* Britain and South Korea. He said that many more British companies would be trading in Korea if they realised the potential there.

Speaking at a luncheon arranged by the Korean Embassy for businessmen and bankers with Far East interests, Mr. Dell pointed out that Britain had only a 2 per cent. share of Korean trade. "We do not have enough medium-term and cash business there," he said.

At the moment, trade between the two countries was running two to one in Korea's favour. "Every sector of British industry should be aware of the possibilities in Korea," said the Minister.

He urged South Korea to study Britain as a source of supply, especially for technology, and said that City of London expertise should not be over*looked.*

However, although Mr. Dell asserted that conditions existed for "a considerable expansion of British-Korean trade," several businessmen at the gathering complained about the official deterrents which exporters to Korea have to contend with.

● The Export Credits Guarantee Department has guaranteed a £13m. loan which Lazard Brothers, acting *on* behalf of Barclays Bank, has made available to Onsan Copper Refinery, South Korea.

The loan will help finance a contract won by Davy Powergas as part of a three company consortium which is to build a copper smelting and refinery *complex near Pusan.*

£35m. Kenyan order for Bookers

Financial Times Reporter

BOOKER McCONNELL announces that it has been engaged, through two of its subsidiary companies, Bookers Agricultural and Technical Services and Fletcher and Stewart, to undertake a £35m expansion of the Mumias Sugar Company in Kenya. This project was developed on behalf of the Government of Kenya by Bookers Agricultural and Technical Services, which has provided on-going technical and management services since 1971. Fletcher and Stewart also built and erected the factory, which commenced operations in July, 1973.

The expansion will increase production to 156,000 tons of sugar a year by 1981. The factory is currently producing 60,000 tons of sugar a year, having only recently been extended to produce up to 75,000 tons a year. The further expansion of the factory will take its grinding rate from 125 tons up to 300 tons of cane per *hour, thus* enabling the company to produce up to 180,000 tons of sugar a year.

Japan will send fewer TVs to British market

BY MAX WILKINSON, INDUSTRIAL STAFF

JAPANESE manufacturers have agreed to reduce exports of television sets to Britain next year because they accept that the total market will be lower.

Agreement was reached yesterday between the Electronics Industry Association of Japan and representatives of British *manufacturers led by Lord* Thorneycroft, president of the Radio Industry Council.

The British delegation went to Tokyo for two days' talks to *reach a voluntary agreement after the* Department of Trade refused selective import controls on Japanese electronic goods.

After the talks Lord Thorney*croft said "things might be a* little easier" for the U.K. industry particularly in the black and white sector.

Detailed figures were not re*leased by either side, but the* indications are that the Japanese have agreed to hold the export of colour televisions to Britain at the present level of about 10 per cent. of the market.

This implies imports of about 130,000 Japanese colour sets next year, on the pessimistic assumption that the total market will *fall to 1.3m. sets.* This would be a substantial reduction on the level of imports for 1975 which was 165,000 sets.

Japanese imports of colour sets have been about 9 per cent. of the total market for five years, but dropped to 8 4 per cent. in the first nine months of 1976.

British manufacturers aim to increase their share of the sales of portable black and white sets in the home market from the present 34 per cent. to about 60 per cent.

The Government previously *announced import* controls on sets from Taiwan, which will reduce sales in this country to about 40,000 next year, less than half the present level.

Philips has agreed to reduce imports from its Singapore factory, in line with the reductions agreed by the Japanese. Indications are that the Japanese will reduce their *share of the port*able monochrome market from 28 per cent. to about 20 per cent. Total sales in the U.K. were 384,000 portable monochrome sets in the first six months of 1976.

This would mean restricting their exports to Britain to about 150,000, compared with the present 215,000.

Talks were held about Japanese imports of music centres, a growing field in which British manufacturers are anxious to increase their present market share of 40 per cent.

Keidanren talks on EEC pledge

BY CHARLES SMITH, FAR EAST EDITOR — TOKYO, Nov. 2.

THE KEIDANREN (Japan Federation of Economic Organisations), whose recent mission to Europe alerted the Japanese to EEC resentments about the pace of Japanese exports, is to hold consultations on Friday with five major industries regarded as the principle "trouble makers" in the European market.

The five are: steel, cars, ships, electrical machinery and ball bearings. In addition, the Friday consultations will include members of the general machinery and pharmaceuticals industries.

Friday's meetings will take place against *the background of* surprised annoyance by Japanese businessmen about the commitment apparently made to the EEC Commission by the Keidanren president, Mr. Toshio Doko, to draw up proposals for restraining exports by certain major industries to Europe.

Reactions in some *industries,* such as motors, stress the point that de facto restraints are *already in force on Japanese* exports to certain countries (for example Britain) and that explicit restraints would not be in the *industry's interests.* The *steel* industry's position is that the six major manufacturers are *already restraining* their shipments and the numerous smaller companies cannot be placed *under a practicable control* system. A similar point is being made about small shipbuilders who have made most of the running recently in export markets.

Japanese businessmen are saying privately that Mr. Doko simply did not know what he was talking about when (or if) he promised specific and concrete restraints to the EEC Commission. The Keidanren leader how*ever may take the view that it is* the Japanese exporters who have not appreciated the dangers of the *situation now developing in* Europe as a result of rapidly growing Japanese exports.

Mr. Doko's point of view is probably not appreciated much at the Ministry of International Trade and Industry where the official bureaucratic line has tended recently to be that Europe should correct its trade balance with Japan by trying harder to sell in the Japanese market.

W. Germany in Polish copper deal

BY LESLIE COLITT — BERLIN, Nov. 2.

WEST GERMANY will import 40,000 tons of electrolytic copper annually from Poland over the next 12 years under an agreement signed to-day in Warsaw between a West German consortium headed by Metallgesellschaft AG of Frankfurt, a metals and engineering company, and Poland's Imtexmetal and Elektrim agencies.

In a related deal with Poland, a West German bank consortium under Deutsche Bank AG will grant a ten-year credit of DM300m. to the Polish bank Handlowy W. Warszawie S.A. to finance the development of Polish raw materials, in particular, copper reserves. The most promising of them, believed to be Europe's largest, are in the Lubin-Glogow basin in S.W. Poland but the great depth of the deposits makes extraction very costly.

The annual value of the West German copper imports from Poland are reported to be DM160m. starting next year rising to some DM200m. with prices to be determined by London Metal Exchange quotations. Polish deliveries will be in the form of cathodes and wire bars and will represent ten per cent. of West Germany's current imports of refined copper.

One of the selling points to the Germans of Polish copper is that the reserves are only separated by a few hundred kilometres from West German users and deliveries are thought to be less subject to political changes than those taking place in South America and Southern Africa.

Dutch trade in balance

BY MICHAEL VAN OS — AMSTERDAM, Nov. 2.

THE DUTCH trade balance in the first half of this year ceased to show a deficit for the first time in history the Economics Ministry reports. Exports and imports each totalled Fls 51.5bn whereas they had amounted to Fls.43.5bn. and Fls.44.5bn., respectively in the first half of last year.

The Ministry said that, measured by volume, first-half foreign trade, including trade with two Benelux partners, has gone up about 10 per cent. compared with the same 1975 half and the value has increased around 16 per cent.

The fact that the very small *trade deficit of Fls 1bn in both* the two preceding half-year periods was finally wiped out in the second half of 1976 is largely attributable to the impact of natural gas it is pointed out. Besides accounting for exports worth nearly Fls.3bn., there is also the substantial impact of gas on import replacement. The "energy balance" is therefore virtually in balance.

In 1968 the last year before natural gas production in Holland had any significance, the Dutch energy balance showed a *deficit of Fls 0.9bn.* in a total trade balance deficit of Fls.3.4bn.

The Economics Ministry added in its comments that, compared with the first half of 1975 the improvement in the first half of this year is evenly shared by a further improvement of the agricultural export surplus and a decline in the deficit for industrial products (excluding energy, ships and aircraft).

Europe air fares inquiry set for mid-January

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

[Th]e Civil Aviation Authority is [to h]old a public examination in [mid-]January into the levels of [Eur]opean air fares, in the hope [of g]etting them reduced.

[T]he authority for a long time [has] been convinced that normal [eco]nomy class air fares between [the] U.K. and Western Europe, [as] negotiated by the member-[airl]ines of the International [Air] Transport Association, are [mu]ch too high.

[W]hat it is seeking is the widest [pos]sible consensus of views from [airl]ines and the travelling pub-[lic] on how the fares can be cut, [and] by how much.

[T]he proposed public examina-[tion] is intended to enable any-[one] interested in cheaper fares [to] submit their views.

[W]hen it has a detailed under-[sta]nding of what the airlines and [tra]vellers want, the authority [wil]l be better placed to insist [tha]t the airlines, in their own [far]es negotiations in IATA, seek [to] implement cheaper fares.

The U.S. Civil Aeronautics Board, for example, has no hesitation in rejecting IATA-approved fares if it regards them as being in any way unsatisfactory or counter to its own policies. So far, the authority, which approves international fares on behalf of the U.K. Government, has not taken such a hard line.

Round-trip

There are now signs—of which the inquiry is one—that it intends to be much tougher.

It bases its case on the fact that in many instances it can cost *more to fly in Europe than it* does to cross the North Atlantic.

The economy round-trip rate between London and Athens, for example, is £284 for about 3,000 miles return, while the economy round-trip fare London-New York is £275 for about 7,000 miles' flying.

The authority's position is less strong than it might be because of the depreciation of sterling against many European currencies.

To counter this, the European airlines have to apply currency surcharges on sterling fares out of the U.K., and they may be reluctant to see any cuts in fares.

Next session

The authority intends to persist with its inquiry, and says that European airlines are welcome to attend it and submit their views.

Its aim is to arrive at some kind of policy that the U.K. airlines, mainly British Airways *and British Caledonian, can put* in the next session of IATA negotiations, aimed at settling European air fares to become effective on April 1.

By holding the meeting in mid-January, the authority feels that it is allowing enough time for the necessary talks before any new fares proposed come into operation for the summer season.

Aviation Authority moves to even out fare prices

BY ARTHUR SANDLES IN ATHENS

[TH]E CIVIL AVIATION Autho-[rit]y wants to reduce the differ-[enc]e between cut-price fares and [no]rmal on European routes.

Mr. Ray Colegate, a senior [CA]A official, said the Authority [wa]s trying to end a position [wh]ere so-called promotional fares [we]re sometimes as little as a [fift]h the price of scheduled [eco]nomy-class rates.

"To Palma less than 10 per [cen]t. of the passengers pay the [sch]eduled fare. To Athens it is [as] little as 5 per cent. On flights [to] Corfu you could carry all the [ful]l fare-paying passengers on [tw]o flights a year," he said.

The Authority's hearing will [ask] British Airways and British [Ca]ledonian to explain the differ-[en]ces and to say how they intend [to] narrow the gap. It expects the [De]partment of Trade then to [en]ter negotiations with other [go]vernments with which Britain [ha]s bilateral agreements. This [ca]me after a fierce exchange be-[tw]een officials of Air India and [Br]itish Airways.

Air India was one of three airlines named yesterday by the Board of Airline Representatives in the U.K. as a source of "bucket-shop" discounted tickets. Mr. Manik Dalal, general manager of Air India in the U.K., accused British Airways of doing the same thing. Air India, he told 2,000 travel agents in Athens, had bought 12 discounted British Airways tickets in recent months. Details were being passed to the airline representatives and, he hoped, to the Department of Trade.

British Airways said it was discounting tickets, but only in areas which had not been "cleaned up" by the representatives' campaign.

"We discount, and will discount, in areas where the British share of the market is at risk."

Mr. Colegate went to the heart of the matter when he told delegates that the real problem was over-capacity.

Agents ponder rules decision

SEVERAL HUNDRED civil servants may be needed to administer a consumer protection system which would be required if Association of British Travel Agents' rules are declared illegal by the Restrictive Practices Court, Arthur Sandles writes.

This was the claim at the ABTA convention here yesterday as 2,000 travel agents struggled with the realisation that their closed shop is about to be broken.

ABTA rules are under the scrutiny of the Office of Fair Trading. In broad terms, these rules keep the travel industry firmly in the hands of ABTA members, who co-operatively guarantee to operate their business with a code of conduct. But Mr. Ray Colegate, a senior official with the Civil Aviation Authority, the controlling body of the travel industry in Britain, said the code was circumvented on a considerable scale.

"Even if these restrictive provisions were effective and were invariably absorbed, I cannot see any ground on which they could be held to be necessary in the public interest, Mr. Colgate said.

"Unless the restrictive practices court is suffering from both hardening of the arteries and advanced senility, and I don't believe it is, I don't see a car in hell's chance of persuading it otherwise."

Mr. Harry Chandler, chairman of the Tour Operator's Study Group, and a determined campaigner against resale price maintenance and the closed shop, said it would cost ABTA £300,000 to fight to continue the present system in some form.

The main arguments in favour of the system were that if it were removed the Government would have to introduce some other form of consumer protection in order to keep undesirables out. From the floor, one speaker said it would take 200 civil servants at least to administer an alternative scheme, while ABTA did it for nothing.

Ashley Ashwood

The Sea and the City has been chosen as the theme for the Lord Mayor's Show on November 13, by Sir Robin Gillett (50), the Lord Mayor Elect. Sir Robin (right) yesterday met some of those in the show, which celebrates his taking office. More than 2,000 people, 40 floats and 17 bands will take part. The procession around the City of London will take 35 minutes to pass each point along its route, from Guildhall to the Mansion House, to the Royal Courts of Justice and back to the Mansion House. Sir Robin, an underwriting member of Lloyds, is the son of a previous Lord Mayor, Sir Harold Gillett. Formerly a staff commander of Canadian Pacific Steamships, he is a warden of the Honourable Company of Master Mariners.

Now drinks are on the women

By Stuart Alexander

WOMEN NOW lead the way both as buyers and drinkers of wine and fortified wine in Britain, according to Wine Development Board figures released yesterday.

The rapid development of supermarket and off-licence sales in the past few years has seen the purchase of wine established as part of the family budget and largely controlled by women.

But even though sales have doubled in five years from 4½ to nine bottles a head a year, the U.K. still lags well behind Europe, with Italy topping the table at 153 bottles a year and France second, at 143.

The quantity of wine sold in the U.K. is at present static, but there has been a tendency to trade down in quality and price. From half the market 10 years ago, fine wines now account for only about 17 per cent.

In a sample of 35,000 conducted for the board, it emerged that women drink 52.3 per cent. of the table wine sold. They also account for 54.9 per cent. of the sherry and have overtaken in the traditional port market with 53.4 per cent., although the male preserve of vintage port maintains its small but loyal share.

Revolution

Mr. Peter Noble, the board's chairman, said: "It is some five years since we predicted that women would become the predominant factor in wine buying, and that this minor revolution would take place in the High Streets.

"This made sense since most women control the household budget and determine the family menus. A woman is the ideal person to buy the family wine.

"This is why recent surveys indicate that women now account for over 52 per cent. of the table wine market—a staggering 54 per cent. increase over the last five years."

Polypropylene fabric sales up

BY RHYS DAVID, CHEMICALS CORRESPONDENT

SALES of yarns and fabric by Britain's small but fast-growing polypropylene textiles sector are up by 30 per cent. on the same period a year ago and exports of fabrics have climbed 60 per cent., the British Polyolefin Textiles Association, meeting in Edinburgh, was told yesterday.

The industry, which converts plastic film into fibre, says, however, that increases in the cost of petrochemical feedstock, largely as a result of devaluation and oil price increases, have begun to threaten its growth prospects.

Main markets for polypropylene textiles are in carpets where it is used as a face fibre and as backing, and in packaging, though a wide variety of other mainly small applications have also been developed.

The industry, which has developed almost entirely over the last eight years, is located mainly in the Tayside area of Scotland (the traditional centre for the manufacture of jute carpet backing and sacking) and in the North of England.

Out of step

Mr. Ken Huskinson, chairman of the association, said that price increases incurred by the industry in the cost of its polymers totalled about 40 per cent. in the last year. With another OPEC oil price rise expected soon, it seemed likely that costs would again run ahead of inflation next year.

The industry's investment was being threatened by price increases, especially as it was finding difficulty in passing on increases to its customers because of the problems they were already experiencing as a result of the recession.

Mr. Huskinson said that polypropylene could lose its price advantage over natural fibres, notably jute, and lose markets. U.K. polymer prices were also in danger of getting out of step with those prevailing in Europe to the detriment of exports.

Management intake fall alarms Lord Ryder

LORD RYDER, chairman of the National Enterprise Board, said yesterday that he viewed "with alarm and some despondency" recent signs of a serious decline in the flow of talent into British industrial management.

Not only had there been a decline in the number of students applying for courses in disciplines which would equip them for production jobs in industry, but of those who did apply and qualify, a worrying number were being attracted into civil service or local government jobs.

Lord Ryder was speaking at the opening of a management conference in the National Exhibition Centre, Birmingham.

He said: "Somehow we need to convince intelligent young people entering the job market that industry—and line management in particular—is not a dirty word and that the creation of wealth—of national wealth—is just as personally satisfying and as socially useful as being a teacher, social worker or government official."

Management was the crucial determining factor of industrial performance. But he was not saying that management should be blamed for what was wrong with British industry.

"People in multi-national companies tell us that managers in Britain have to operate in an unusually difficult environment. They have to run very hard just to stay in the same place. So we should not be too hard on them when they fail to win the race."

There was still enormous scope for skilled and imaginative management. Lord Ryder added: "That is why it troubles me that we do not make the best use of the management talent we have."

"We do not delegate enough responsibility down the line so that our young managers have the opportunity to develop and show their potential."

Imperial Group forms new plastics side

Plastic Coatings, industrial finishing specialists, and Creators, extrusion and injection moulding engineers, are to form a new plastics engineering group—Plascoat International.

The new company will be the parent of the new group and have overall policy control of Plastic Coatings, Creators, and Plastic Coatings Systems which is being formed from the materials and equipment division of Plastic Coatings.

Both companies are part of the Imperial Group which is now rationalising some of its interests in the plastics industry.

HOME NEWS

Scrap industry dismayed by £20-a-ton price fall

BY ROY HODSON

A £20 a ton drop in the price of ferrous scrap since June is causing dismay in the £400m.-a-year British scrap industry.

Prices for good steel scrap, which touched £50 a ton in the summer, have now been reduced to £30 a ton following the British Steel Corporation's action this week by cutting its purchasing price by a further £5 a ton—the fifth price cut since June.

The scrap industry has been taken largely unawares by a dramatic fall in world steel demand which has resulted, in turn, in a buyer's market for steel scrap developing.

Scrap merchants had forecast earlier this year a rising demand for ferrous scrap with prices touching £100 a ton before the end of the winter.

Mr. Henry Brook, president of the British Scrap Federation, said yesterday: "Contrary to our views of ony three months ago the short-term outook for ferrous scrap is very gloomy and there is no sign of any real improvement in the next quarter.

"It is difficult to forecast any upturn in the early months of 1977, and it seems likely that, with the very high stocks which exist, any increased demand for scrap will lag behind any improvement in steel output."

The sharp downturn in world demand for steel which has upset markets during the past few weeks caught the scrap trade unprepared. Stocks of ferrous scrap in Britain have reached an all-time peak of more than 3m. tons. At the same time scrap exports have fallen off from 168,000 tons in the second quarter to 112,000 tons in the third quarter as world demand slackened.

Ruling price levels for ferrous scrap in Britain are estimated to be between 30 per cent. and 35 per cent. below those prevailing last April when some of the highest prices the scrap merchants had ever known were obtained.

British scrap stocks represent some three months' supply for the British steel industry, which relies upon scrap for slightly more than half of its raw materials for steel-making. The scrap suppliers are concerned that, faced with bigger stocks of scrap than ever, British steelworks in the public and private sectors could cease buying and disrupt the scrap industry. Some private sector works and foundries have considerably cut intakes and there are reported cases of works stopping their supplies of scrap altogether.

Meanwhile, the demand from the Continent is equally weak as steelworks cut production. As far as the scrap companies are concerned, matters are likely to be aggravated when the Simonet plan for regulating the Common Market steel industries gets under way next month. Individual steel companies are expected to introduce voluntary production cuts to avoid market surpluses of steel.

The scrap steel market is no stronger in the United States, where the American "composite price" has now dropped from a peak of $89.50 in the summer to $62.80.

Christmas mail posting dates

CHRISTMAS parcels going by surface routes to the U.S.A. and Canada should be posted by November 10. That is also the last date for surface parcels and packets to South Africa, West Indies including Bahamas, Barbados, Jamaica, Leeward and Windward Islands, Trinidad and Tobago, and for letters, packets and parcels to BFPOs 6, 8, 52 and 163.

Terry Kirk

M. Maurice Cavaille, French Minister for Transport (left), and Mr. Gerald Kaufman, Minister of State for Industry, at the start of Anglo-French talks on Concorde in London

Britain and France to discuss air collaboration

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH and French Governments will press ahead with their talks on possible collaboration on future subsonic civil airliners. They have instructed their officials to come up with answers by the end of this year.

This was the main result of yesterday's day-long discussions between Mr. Gerald Kaufman, Minister for Aerospace in the Department of Industry, and M. Marcel Cavaille, French Transport Minister, in which neither side committed itself to any specific ventures and there appeared to be little real meeting of minds between the two sides.

It emerged that for the time being the two Governments are not interested in undertaking even joint paper studies into advanced supersonic transport.

While they discussed the second-generation supersonic airliner, their main conclusion was that it was still such a long time away that the efforts of their respective industries would be better directed to the subsonic field.

The talks on the next generation of subsonic airliners between the industries of the two countries and their officials will concentrate mainly on collaboration on 200-seater jets, such as the Airbus, and on the smaller 160-seater, such as the Advanced Short/Medium Range transport, which the French call the Mercure 200.

The possibility of collaborating on an even smaller 100-seater was discussed, but the communique made it clear that the U.K. would seek leadership of such a venture, with the French less interested, although ready to think of joining in at a later stage.

The studies of 200- and 160-seaters will cover "prospective profitability, financing, the sharing of design, develppment and production work, as well as market prospects."

These Anglo-French studies will not prejudice the continued discussions each side is having with other possible partners, especially in the U.S.

On Concorde, the Ministers reaffirmed their intention to complete the remainder of the 16 production aircraft already authorised, but it is understood that the two Governments are seriously considering leasing as a means of disposing of the five aircraft still unsold.

Lotus widens dealer network

LOTUS CARS is to increase its dealer network substantially in 1977

"This will ensure that the rapidly increasing number of Lotus owners will have access to first-class sales and service facilities throughout the U.K.," the company said. "Trade inquiries have been running high and interest in the franchise has never been greater."

Maritime may alter order for tankers

By John Wyles, Shipping Correspondent

MARITIME FRUIT CARRIERS, the ailing Israeli-U.S. shipping company, is to open discussions with British shipyards on changing its orders for two large oil tankers worth nearly [illegible] into purchases of six bulk carriers.

Maritime's future has been in doubt since the start of its severe financial crisis at the start of the year.

The most pressing debt burdens have been removed after the sale last month of 12 of its refrigerated cargo ships, and the company's reconstruction is now being based on a bulk charter contract placed last year by a U.S. banking and trading group.

Captain Mila Brener, a joint director of Maritime with Mr. Yaacov Meridor, confirmed yesterday that his company needed six bulk carriers to fulfil this charter which begins in 1979.

Maritime wanted to examine the possibility of substituting the bulk carriers for a large oil tanker ordered from Scott Lithgow on the Lower Clyde and for a similar vessel to be built by Belfast's Harland and Wolff, Captain Brener said.

Both yards have been acutely concerned about the future of these tanker orders. Harland and Wolff is desperately short of new orders and Scott Lithgow only marginally better off. Both yards are likely to be highly attracted by any proposition to substitute bulk carriers.

More work

Maritime wants to explore the proposition of placing orders for at least three 70,000 dwt bulk carriers with each yard. This will mean substantially more work for their respective labour forces than the 327,750 dwt crude carrier to be built in Belfast and the 258,000 dwt vessel at Scott Lithgow.

The Clydeside yard is already building one large tanker for Maritime and had delayed construction of the second because of the uncertainty over the company's future.

One problem to be overcome in negotiating substitute orders may be a Maritime requirement for more credit.

The two yards would be unlikely to be able to build the bulk carriers for less than £75m.—50 per cent. more than the value of the two tanker orders for which long-term financing is said to have been arranged.

Maritime, which claims to have spent about £220m. in British yards over the past five years, is not disclosing details of its charter beyond the facts that it requires transport of 4½m.-5m. tons of bulk cargo a year and that the charterer is a major shareholder in the company.

Poll shows Tories may capture Walsall North seat

BY RICHARD EVANS, LOBBY EDITOR

CONSERVATIVE HOPES of capturing at least one of the three by-election seats being fought to-morrow rose yesterday with publication of an opinion poll that showed the Tories ahead at Walsall North.

But the poll, conducted by Marplan for the Birmingham Evening Mail, was treated with caution by politicians as it showed that a remarkably high 38 per cent. of voters remain undecided.

Nevertheless, the indications from opinion polls and canvassing returns are that the fight at both Walsall North and Workington is so close that the Tories could win one or, conceivably both seats and inflict a humiliating blow on the Government.

The loss of a seat would leave Labour in an overall minority in the Commons, but Mr. Callaghan could still rely in a vote of confidence on the two breakaway Scottish Labour Party MPs and the two Independent Northern Ireland MPs.

Strongholds

Where the loss of a seat would inflict damage would be on Labour Party morale—all three seats are traditional party strongholds—and on the position in legislative committees next session, when the Government would cease to have an automatic majority.

To win Workington and Walsall, the Tories need to register net voting swings in their favour of 11.9 per cent. and 16.7 per cent. respectively. The Marplan poll, based on a random sample of 500 electors last week-end, showed a swing of 19.3 per cent. to the Tories.

Such a result would give the Conservatives a majority of 1,000 compared with the Labour majority gained by Mr. John Stonehouse at the last General Election of 15,885.

The Marplan poll predicts that, excluding the "don't knows," Tories would take 45 per cent. of the vote, Labour 40 per cent., Liberals 7 per cent., National Front 5 per cent., and other candidates 3 per cent.

Main danger

The main danger for Labour is that the 38 per cent. of undecided voters, mostly traditionally Labour, could abstain out of apathy. In the last-minute attempt at a high turnout, a large number of Labour MPs will invade the constituency to-day.

A small straw poll conducted by the Wolverhampton Express and Star in two areas of Walsall produced a result contradictory to Marplan—a 14 per cent. lead for Labour.

A Labour Party spokesman drew attention to the contrary polls and hoped that the more favourable one would not lull supporters into thinking that the result was in the bag. Even the Marplan poll showed Labour would hold the seat on a good turnout, he added.

The third by-election is at Newcastle Central, where a massive swing to the Conservatives of 27.6 per cent. would be needed to overturn Labour's majority. The general expectation is that Labour will retain the seat but with its majority slashed.

Feature Page 19

New rail service will cut commuting times

BY IAN HARGREAVES, INDUSTRIAL STAFF

BRITISH RAIL yesterday described as "the most important advance in the development of its London suburban services for the past decade" the electrification of part of its North Eastern routes.

From Monday, newly designed electric multiple units will run on the inner suburban service between Welwyn Garden City, Hertford North and Moorgate. Journey times will be cut by up to one-third.

The service is part of an inner and outer suburban electrification programme costing £63m., which should be completed by next autumn. By then, services out as far as Hitchin and Royston will benefit from faster and more frequent services.

British Rail hopes to increase passenger loading on its Great Northern inner suburban trains by 2,000 during the next two years and to double off-peak traffic over three years. Earlier this year, the service was carrying 9,600 commuters a day and 6,400 off-peak customers. The new service has a capacity of 8,400 passengers in the peak hour alone.

Improvements have been carried out to signalling and track over about 40 route-miles and these changes, combined with the self-levelling air suspension of the new trains will, it is claimed, greatly increase speed and comfort.

Government calls for survey of petrol and small packs

BY STUART ALEXANDER

LOCAL authorities were invited yesterday to extend their local price survey schemes by making surveys of petrol and small packs.

The invitation comes at a time when the Government is trying to reduce expenditure, but it is justified by the Department of Prices and Consumer Protection because it will not mean an increase in the £400,000 allocated for 1976-77.

In spite of criticism from some Tories, there has been pressure from unions to continue the scheme as part of the quid pro quo for wage restraint.

The scheme originally applied to foods, but has been extended to cover non-foods. No project can be given a grant of more than £1,000 and many receive less. About 300 have been approved this financial year, leaving the Department with more than £100,000 to spend.

This has led to the "new Government initiative" announced in Gateshead by Mr. Robert Maclennan, Parliamentary Under Secretary for Prices and Consumer Protection.

"First we are going to give grants for local surveys of petrol prices," he said.

"I want to help the motorists by having the prices charged at local garages set out in a way which allows them to be readily compared and which does not mean driving round all the garages in the area to find out where prices are cheapest."

Pensioners

The second suggested survey is small packs, perhaps regular purchases such as toothpaste or soap flakes, where price comparisons would be particularly useful to old age pensioners.

"I have been concerned for some time at the greater cost of small packs, ounce for ounce," said Mr. Maclennan.

"The Price Commission looked into the problem and concluded that, although much of the disparity was due to higher manufacturing costs, there was some scope for evening out the prices of large and small packs."

Minister seeks closer links with shipowners

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE NEED for closer co-operation between western maritime countries, and between British shipowners and Government was stressed in London last night.

Mr. Edmund Dell, the Secretary for Trade, pledged that the Government was prepared to play a "more positive role" in support of British shipping in the face of growing constraints on the industry's freedom of action.

Mr. Dell told the General Council of British Shipping's annual dinner that the time may have come when British shipping may want the Government to be more active on its behalf in order "to maintain something of a fairer balance between yourselves and the variety of pressures you face."

Competition from Eastern Bloc shipping, "blatant flag discrimination" by certain countries, and the United Nations Trade and Development code reserving cargoes for Third World shipping fleets were some of the pressures Mr. Dell considered would lead to a closer relationship between the Government and industry.

However, Mr. Dell hinted that the Government would need to know more of the industry's policies and requirements before it could provide effective aid. At the moment the only strategy apparent to Government was "the sum of the actions of your member companies." Although this approach may have been sufficient in the past it was questionable whether it would now suffice.

"It is not clear, for example, what is the reason for the steady fall in the share of U.K. exports and imports in U.K. ships. Has this resulted from policy decisions, such as a decision to concentrate more effort on the cross trades, or to share the burden of new investment, or is it the unintended result simply of increased competition."

Lord Inchcape, president of the Council, presented a similar analysis of shipping's problems in calling for closer international co-operation. The era of free competition was passing and competition from flags with philosophies "quite different from our own" coupled with Third World flag discrimination demanded co-operation between "like minded maritime industries and their governments."

He was replying to the guest of honour, His Majesty King Olav V of Norway, who proposed the toast of "Anglo-Norwegian shipping co-operation."

GLC will refuse to cut its transport budget

BY IAN HARGREAVES, INDUSTRIAL STAFF

THE CONTROLLING Labour group on the Greater London Council is to defy the Government by rejecting an instruction to cut its transport budget by £39m. next year.

It has decided that it will accept only a £21m. cut, with a consequent increase in bus and tube fares of 15 per cent. from next August.

If, as is expected, the Government refuses to fill the remaining gap by increasing its subsidy to London Transport, Londoners will face at least a 1p increase in the general rate as well as the fare increases.

Sir Reg Goodwin, leader of the GLC Labour group, said last night before the council met to discus spending in 1977-78, that cuts in line with those demanded by Mr. William Rodgers, Transport Secretary, would decimate London's public transport system.

"They could mean laying off transport workers compulsorily and cutting existing bus and tube services. They would severely impair the economy of London and reduce the effectiveness of the capital in contributing to the essential upswing of the economy."

A 15 per cent. fares increase would raise an estimated extra £13m. in revenue and there would be further savings through cuts in the local roads programme.

Sir Reg said that the GLC would ask the Government to divert money set aside for road maintenance to public transport.

Spending cuts outside the transport field have been accepted by the Labour group. They include not filling County Hall vacancies, reduced grants for recreation and tourism and delays in maintenance of council property and of new traffic management and pedestrianisation schemes.

Mr. Rodgers said yesterday that the principal aim of the Government and transport operators should be "value for money".

He told a Chartered Institute of Transport luncheon in London he hoped that the strategy of the White Paper resulting from the Government's transport consultation document would serve transport well for ten or 15 years and possibly until the end of the century.

But the Ministry of Transport could not ignore prevailing economic conditions. "We must ensure that money is well spent."

'Fidelity' warning by judge

BY ERIC SHORT

ALL PARTIES to the rescue scheme for Fidelity Life Assurance were warned yesterday by Mr. Justice Slade that failure to reach agreement by November 15 might result in the company being wound up "there and then."

He said after a day of legal submissions that negotiations must be concluded, if at all, outside the doors of the court.

A petition for the liquidation of Fidelity Life was made in July last year by the Secretary of State for Trade when the U.S. parent company, Fidelity Corporation, refused to put up further assets to ensure solvency.

Since then a rescue scheme has been drawn up which would pay policy holders 100 per cent. of their contractual benefits. The main outstanding problem is over costs arising from the agreement to settle the debt to five reinsurance companies.

Mr. Justice Slade said that if agreement finally broke down between the corporation and the reinsurance companies over this question of costs, he would—if asked—wind up the company. If the agreement had been or was about to be executed, he would set aside more time to make the necessary orders.

He would not give his decision on an application under Section 50 of the Insurance Companies Act, 1974, until agreement was reached on the rescue scheme.

Approval under this section is necessary to absolve parties to the agreement from any claims by policyholders who have had to wait for their money after their policies have matured.

The judge is also being asked to dispense with a policyholders' meeting to approve the scheme.

The reinsurance companies confirmed that a new offer had been received from Fidelity Corporation on Monday regarding payment of costs. It was an improvement on the previous offer but still did not meet the stipulation that reinsurers should have immediate payment of their costs.

The comapnies added that the recent fall in the pound had greatly reduced the dollar cost to the Corporation of meeting the payments and more than compensated for the liability for reinsurers legal costs.

The consideration of the offer was not, in fact, holding up the dismissal of the petition. The rescue scheme had been formulated on the basis that it would not become operative until December 1 at the earliest.

هكذا من الأصل

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Across Europe, the Citroën CX has driven smoothly into a commanding position in the executive car market.

Now Citroën announce increased power for the CX, and a wider model choice.

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The new CX2400 models have a more powerful engine with improved torque for more lively acceleration.

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All CX models now have unique VariPower steering.

With VariPower, you can park with just one finger on the wheel. Yet as speed goes up, the power varies to increase road 'feel'.

Eight CX models.

There are now eight CX models.

The CX2000 Confort (available with or without VariPower) and Safari estate and the new CX2400 Super and Pallas saloons and Safari estate.

The magnificent new CX Prestige, with the new engine, longer wheelbase and sumptuous interior appointments.

The new CX Diesel saloon and estate which combine, for the first time, diesel economy and longevity with real comfort and elegance. These are quiet, smoke free diesels, with the refinement and smoothness of a petrol car.

C-matic torque convertor transmission is optional on the CX2400 Super and Pallas saloons.

C-matic eliminates the clutch pedal and makes driving exceptionally smooth and relaxed, even in town.

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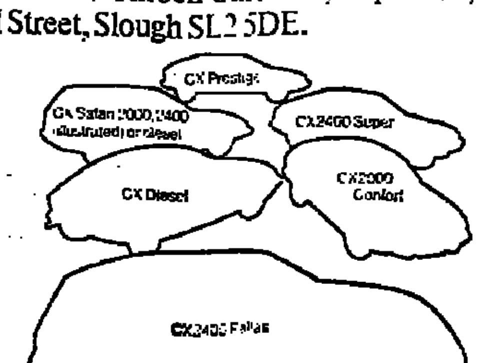

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Iron and Steel ● Machinery and Equipment ● Engineering and Construction

Technical know-how

	Gross Turnover (DM m.) 1975	1974	Personnel 31.12.75	Holding %
Otto Wolff AG, Cologne	1,180	1,468	417	—
Trade				
Otto Wolff Handelsgesellschaft mbH, Cologne (including subsidiaries)	897	1,232	1,151	100
Otto Wolff Industrie-Anlagen Gesellschaft mbH, Cologne	100	68	54	100
EBG Elektroblech Gesellschaft mbH, Bochum	285	389	21	50
Ferrum GmbH, Saarbrücken	216	335	185	100
Ferromontane S.A., Paris (Group)	49	77	[illegible]	over 75
Hommel Handel GmbH, Cologne	69	65	318	100
Ferromontan Beteiligungsges. mbH, Vienna (Group)	33	37	172	100
	1,649	2,203	[illegible]	
Processing				
Eisenwerk Weserhütte AG, Bad Oeynhausen	121	92	4,531	over 75
Maschinen-und Bohrgeräte-Fabrik Alfred Wirth & Co. KG, Erkelenz	81	67	981	100
Hommelwerke GmbH, Mannheim	17	18	349	100
Otto Wolff-Homburger Bau GmbH, Neunkirchen (Saar)	126	142	1,166	50
Vereinigte Schraubenwerke GmbH, Essen-Steele	46	63	690	50
	391	382	7,627	
Basic Materials Industry				
Eisen-und Hüttenwerke AG, Cologne			8	over 75
Neunkircher Eisenwerke, Neunkirchen (Saar)	680	959	[illegible]	—
Rasselstein AG, Neuwied/Rhine	1,034	1,094	2,537	50
Stahlwerke Bochum AG, Bochum	478	647	3,132	48.5
	2,192	2,700	15,270	

Consolidated turnover (Otto Wolff AG and 100% or majority holdings without abroad) 1975 DMm. 2,637 (1974 DMm. 3,332)

Subsidiaries and Affiliated Companies Abroad

EGLO Engineering (Services) Ltd.	Lidcombe/Sydney
Ferromontan Beteiligungsges. m.b.H.	Vienna
Ferromontan Inc.	San Juan/Puerto Rico
Ferromontane S.A.	Paris
Ferromontan S.r.l.	Milan
S.A. La Ferromontane N.V.	Brussels
Industria Optica Rodenstock-Chile S.A.	Santiago de Chile
Imblech AG	Würenlos/Switzerland
Simonot-Bourguignonne de Métallurgie SIBOM S.A.	Dijon
S.A. Orne-Métaux	Trémery (Moselle)
Weserhütte (S.A.) (Pty.) Ltd.	Johannesburg
Weserhütte S.A.	Madrid
Weserhütte OTTO WOLFF (Pty.) Ltd.	Sydney
Wirth Latina S.A.	Sao Carlos/Brasil
Otto Wolff Inc.	Chicago
Otto Wolff (Nigeria) & Co. Ltd.	Lagos
Otto Wolff Automotive Ltd.	Hong Kong
Otto Wolff do Brasil Ltda.	Rio de Janeiro and Sao Paulo
Otto Wolff Iran Trading Company Ltd.	Teheran
Otto Wolff Mexicana S.A.	Mexico City
Otto Wolff Trading Comp. (US)	Houston/Texas and San Francisco
Otto Wolff de Venezuela C.A.	Caracas

Delegates Overseas

Argentina	Buenos Aires
Chile	Santiago de Chile
Colombia	Bogotà
Egypt	Cairo
Iran	Teheran
Kenya	Nairobi
Thailand	Bangkok
USSR	Moscow

The turnover of the **Otto Wolff** group was considerably less in 1975 as compared with the previous year. This development was due to the heavy slump on the world's steel market which is the primary market for the group's activities. In spite of this, the extension of affiliated companies and agencies in foreign countries was continued.

The turnover of the **Otto Wolff AG** which sells light sheet and tinplate produced by the **Rasselstein AG** at Neuwied and the **Stahlwerke Bochum AG** dropped to DM 1,180 m.

Light sheet was the flat product mostly affected by the world-wide decay in demand. The turnover dropped in comparison with 1974 by nearly 37% to DM 452 m. The export sales decreased by 49% down to a level of about DM 186 m., whereas the decline on the home market was only by 25% with a turnover of DM 266 m.

As opposed to the steel tonnage production, the tinplate supply could readily be adjusted to the demand and, thus, heavily diminished proceeds could be avoided. The export proceeds were even improved in the first half of 1975 and only began to fall on some markets after this. The total tinplate turnover was slightly increased to DM 728 m. 51% of the production was sold to foreign countries.

The worldwide business decline and the reduced demand also affected electric sheet being the second product of **Stahlwerke Bochum AG** and marketed by the **Elektroblech Gesellschaft mbH** Bochum (EGB). The returns totalled DM 285m. (equivalent to 216,000 tons), that is a decrease of DM 104 m.

The turnover of the most important affiliated trading company of the group, the **Otto Wolff Handelsgesellschaft mbH**, Cologne, which preferably deals with non-group steel products, decreased by 29% compared with 1974 down to DM 814 m. This figure is, however, still 4% above the 1973 level. The company did not struggle for quota on the market and always refrained from business if not being justified by marginal cost. The decline in market quota was, however, only negligible. The storage business did not diminish as much as the non-storage business, since the constant price cuts favoured ready supplies ex store. The trading company participated in the expanding plastics market catering for the hobby, leisure and building renovation industries. The export trade which had a highly augmented turnover in 1974 due to the extraordinary increases in prices, declined in 1975 as to the collapse of prices; but totalling DM 332 m. it was still 40% above the 1973 level. The subsidiaries of **Otto Wolff Handelsgesellschaft mbH** in Germany achieved satisfactory results due to their consumer-minded policy and wide variety of program in spite of decline in sales. The participations abroad generally obtained good results considering the worldwide economic slow-down.

The collapse of the scrap prices is reflected in the lower returns of **Ferrum GmbH**, Saarbrücken. The figure in 1975 declined to DM 216.5 m., i.e. by 35.3%, but the result was still good. The activities of the fuel department were extended to petroleum coke business which developed satisfactorily. The participations of Ferrum in France, the Ferromontane S.A. in Paris and the **SIBOM S.A.** at Dijon only being mentioned, worked satisfactorily.

The **Hommel Handel GmbH**, Cologne, one of the biggest trading companies for tools and machine tools in the Federal Republic of Germany, raised its turnover in 1975 by about 6.5% totalling DM 69 m. This remarkable step, contrary to the general trend on this market, was achieved in all its sectors.

The **Otto Wolff Industrie-Anlagen Gesellschaft mbH**, Cologne, deals with the export and long-term financing of capital goods. This company increased its sales by 47% to DM 100 m., thus improving its profit. Among the company's participations abroad, **Otto Wolff do Brasil Ltda., Otto Wolff de Venezuela C.A.** and **Otto Wolff-Automotive Ltd.**, Hongkong, succeeded again in obtaining favourable results. Their activities are mainly concerned with supporting the Cologne company's business in capital goods, as well as safeguarding the export interests of medium-sized manufacturers.

In spite of the heavy economic dip in Austria, the **Ferromontan-Group**, Vienna, continued its diversification of activities by adding the manufacture of ski bindings to its present fields of steel business, wire manufacture and tailoring steel products to consumers' requirements. The group's sales in 1975 amounted to Austr. Shillings 231 m. (DM 32.7 m.).

The turnover of the **Eisenwerk Weserhütte AG**, Bad Oeynhausen, increased by DM 29 m. (32%) to DM 121 m. This noteworthy development was mainly due to extended business in excavators (30%) and handling plants (38%). These are the two main fields of activity of the company. The affiliated companies and subsidiaries in Australia and South Africa also achieved satisfactory results. To further strengthen the market position abroad a subsidiary was established in Spain.

The **Maschinen-und Bohrgeräte-Fabrik Alfred Wirth & Co. KG.**, Erkelenz, worked to full capacity and achieved a turnover of about DM 81 m. yielding a good profit. The activities of the company centre around drilling equipment and pumps. The sale of tunnel drilling equipment was considerably extended. The **Wirth Latina S.A.** was founded in Brasil to cater for the South American market.

The purchase of **Gerhardt Messmaschinenbau KG** of Villingen-Schwenningen by **Hommelwerke GmbH** at the end of 1973 was a successful measure and resulted, amongst other, in shifting the whole production from Mannheim to that place. Thus, the 1975 accounts were considerably influenced by the relevant costs.

The steel building companies at Neuss, Homburg and Nuremberg and the **Acrow-Wolff GmbH**, Düsseldorf, were fully integrated into the **Otto Wolff-Homburger Bau GmbH**, Neunkirchen/Saar, all shop manufacture being now concentrated at Homburg. The main fields of activity are steel building and tank construction, turn-key building, industrial erection, trading in construction machinery and equipment and crane building.

The **Vereinigte Schraubenwerke GmbH**, Essen-Steele, manufactures rail and a great variety of other fixed materials. The turnover totalled DM 46 m. There were considerable differences in the various fields and the development was not satisfactory. The business year 1976 is expected to be somewhat better than 1975 in view of the slight economic recovery.

The **Eisen-und Hüttenwerke AG**, Cologne, has declared to the annual general meeting a dividend of 10% for 1975 as in the previous year, since the result for 1975 was not yet affected by the steel depression of the same year which on the other hand afflicted their participations **Rasselstein AG, Stahlwerke Bochum AG** and especially **Neunkircher Eisenwerk AG**.

The **Otto Wolff AG** has paid a dividend of 6% for 1975 as in the previous year.

In spite of the extraordinarily adverse situation on the international steel market, the **Otto Wolff** group on the whole worked satisfactorily.

Following the general trend, however, there is an apparent chance to improve results in 1976.

Condensed Balance Sheet at December 31, 1975

	Otto Wolff AG DM'000	Consolidated Group DM'000
ASSETS		
Fixed Assets	8.842	60.801
Financial Assets	199.541	161.142
Stock	10.413	225.024
Debtors	226.185	603.826
Debtors—Affiliated Companies	104.283	17.845
Liquid Assets	15.720	32.049
Other Assets	27.600	57.993
	592.584	1.158.680
LIABILITIES		
Share Capital and Reserves	175.000	239.507
Middle and Long-Term Liabilities	45.928	219.286
Other Bank Debts	46.140	87.800
Acceptance Liabilities	38.000	58.033
Trade Creditors	198.700	307.959
Creditors—Affiliated Companies	49.959	6.527
Other Liabilities	31.312	226.301
Net Profit	7.545	13.267
	592.584	1.158.680

Otto Wolff AG, Zeughausstrasse 2, D 5 Cologne 1
Telephone 20-411, Telex 08 881 474, Telegrams OWEX Cologne

A code of conduct is proposed for the insurance profession. Eric Short reports on yesterday's BIBC document.

The problem of insurance broking standards

IT IS an old adage that insurance is sold not bought, but even in these days of consumer awareness it still has more than a ring of truth. For the public, insurance does not normally arouse more than a passive interest. It deals with events that many individuals will not think about because they are unpleasant—fire, accident, death. When the ordinary man does get around to doing something about these things, he has to decide what to insure and how. He is thus only too willing to be guided by an intermediary.

The insurance marketing industry has grown considerably over the years and the role of the intermediary in selling insurance has become vital to its development. It has been a haphazard growth without any system of central control. But yesterday the British Insurance Brokers Council took the first big step in bringing about that control by releasing details of its submission to the Government for the supervision of insurance brokers in the U.K.*

There are two main sources in selling insurance—direct selling by agents working for one or more insurance companies, and insurance brokers. The public is familiar with "the man from the Pru," but the functions of an insurance broker are more hazy. The BIBC was asked by the Government *to define a broker as a* major step towards public awareness of the clear distinction between the two sources of selling. The BIBC adopted the definition in the EEC Draft Directive on Intermediaries.

Freedom

The significant feature is that the broker is involved not only in selling an insurance contract, but in providing a complete service including handling the claims, a feature the public may not fully appreciate. The other distinction is that they have complete freedom where they place their client's insurance. The public, dealing with a direct agent, knows that he is only selling his company's products.

The BIBC proposes to supervise insurance brokers by a system of registration. It would set up a registration committee and anyone wishing to call themselves insurance brokers would apply to this committee. The applicants would have to demonstrate that they had the necessary expertise and technical qualifications, that their business was financially sound and that they were willing and able to adhere to the code of conduct and disciplines laid down by the Committee.

These proposals seem self-evident for anyone seeking unbiased insurance advice, selling and claims-handling service in what is a very technical subject. But until now there have been no restrictions on the use of the term insurance broker. Anyone can put up a brass plate proclaiming "insurance broker." No qualifications, experience or proof of financial solvency are required.

Indeed the BIBC document analysed the main sources of public concern about dealing with intermediaries. One was that brokers could convey an impression of skill and ability which under present conditions the public could not check. The proposals will, in effect, give a seal of approval to competence.

The other public fears about brokers are that the client could receive bad advice; that the broker could give faulty advice or fail to carry out instructions; or that he would *somehow* lose the client's money, either by financial failure or by fraudulent disposal. The BIBC admit that these fears exist and have been justified in an infinitesimal number of cases. The Committee's solution is to lay down a code of practice and to insist on rigid financial control by the broker in his business practice.

The last point seems obvious, but one firm which ran into difficulties early this year had not produced accounts for over two years. The BIBC lays down that an applicant must have a paid-up share capital of at least £1,000 or maintain a similar amount of partnership capital. A sole trader would have to demonstrate that he had adequate assets linked to the business. The BIBC is also asking for an annual accountant's report. Failure to provide one would result in automatic loss of registration. Each broker will have to take out an "errors and ommission policy" with an indemnity of three times annual gross commission.

Finally to provide a financial safety net there would be a guarantee fund administered by the BIBC to which all brokers would contribute by means of a levy. A figure of £1m. for the fund is envisaged. This fund would ensure that no member of the public would suffer financially if an insurance broker became insolvent.

If these proposals become effective the public's fears of financial instability or lack of expertise in brokers will have been largely removed. But the question of receiving bad or wrong advice is a different matter. Here the code says that the insurance broker has to act objectively, professionally, independently and with courtesy to his clients. Professional integrity is essential but cannot be enforced like the other qualifications.

Discipline

The solution adopted is to draw up a code of conduct setting out what is required, and to establish a Disciplinary Committee with the power to investigate complaints concerning the conduct of an insurance broker and to discipline him if the complaint is proved. This Committee would have the ultimate sanction of removal of the broker from the register. It is possibly the only practical way of attempting to enforce a code of conduct.

The effect on the insurance broking industry would be varied. At present there are about 9,000 concerns, including one-man organisations, calling themselves insurance brokers of which about 3,000 are members of one of the four broking organisations in the British Insurance Brokers' Council.

The plan would have very little effect on any corporate organisation except to pay the levy and perhaps take out the indemnity insurance. But for the small broker it may well mean a complete reorganisation of his business affairs. He may have to put more capital into his business — some brokers operate very much on a shoe-string. He may have to acquire some technical qualifications. He is certainly going to pay out a lot of money for registration. The BIBC estimate that it could involve an initial outlay of about £1,000 and an annual payment of a few hundred pounds just to comply. What would he be getting in return?

For this extra expense, the broker would be able to use the name insurance broker which the BIBC hopes will mean something special to the public. Only time will tell whether the public will be able to differentiate between an insurance broker and someone claiming to be "an insurance specialist." The BIBC is asking the Government for legislation to ensure that the words "insurance broker" could only be used by those who accepted the responsibilities and disciplines of registration. Otherwise the whole exercise becomes pointless.

The individual broker may decide that he could not run his business any differently than he does now and that the extra expense would add nothing but the right to use a name. That is his choice and the BIBC does not expect many of the 6,000 brokers who are not members of any broking organisation to apply for registration. But the public must be made aware that in the future only a designated insurance broker could guarantee a financial umbrella to clients if things went wrong.

Mr. Francis Perkins, the chairman of BIBC, emphasised yesterday that the Government were still considering this scheme which had been submitted in August.

But the BIBC, naturally, has only looked at the broking arm of insurance intermediaries. The Government has to look at the whole operation including direct selling by agents of companies. Here the situation is somewhat different. Mr. Edmund Dell, the Secretary of State for Trade has asked the British Insurance Association and the Life Offices Association for their views on insurance intermediaries.

Complaints against high pressure salesmanship especially on life assurance contracts have been made against some direct salesmen. The BIA and the LOA have always taken the view that it is the responsibility of the company employing the salesmen to control their *operations, and it is believed* that they have not changed their outlook. The Government may well have to take measures to supervise this arm of insurance selling.

* *A Consultative Document on the Regulation of Insurance Brokers. Published by the BIBC, 3 Lime Street, London, EC3.*

TAYLOR PALLISTER & CO. LIMITED

INTERIM STATEMENT

Audited results for the period 1st January to 2nd July 1976

	Period 1st January to 2nd July, 1976	Six months ended 30th June, 1975
Group Sales	£1,008,763	£850,278
Group Trading Profit	71,730	61,204
Investment and other Interest	4,025	3,718
Group Profit before Taxation	75,755	64,922
Taxation at 52%	39,529	33,801
Group Profit after Taxation (All attributable to Taylor, Pallister and Co. Ltd.)	36,226	31,121
Interim Dividend on Ordinary Shares for the year ended 31st December, 1975	6,218	5,653
	£30,008	£25,468

Interim Dividend

The Directors have declared an Interim Dividend of 0.92125 pence per share (3.685%) on the Ordinary Shares, which compares with a 0.8375 pence per share (3.35%) Interim Dividend declared last year.

The Dividend will be paid on 7th January 1977 to Shareholders on the Register of Members at the close of business at 5 p.m. on 29th November, 1976. Books closed all day 30th November 1976.

Statement by Mr. R. H. Taylor, Chairman

Sales in the first six months increased by 18.64% up from £850,278 to £1,008,763 with profit margins being maintained. Direct exports increased by 61% to £403,767.

Trading conditions in certain sections may not be as active in the second period due to the recent stringent monetary actions and general uncertainty but subject to no unforeseen circumstances the results for the year should be satisfactory.

Notice is given that the present disparity between the Interim and Final Dividends will be considered for future years at the appropriate time with the intention of bringing these into line with what is considered a more reasonable proportion.

2nd November, 1976.

Dfls. 50,000,000.—

7½% Guaranteed Bearer Notes 1971

due 1975/1978

of

KLM INTERNATIONAL FINANCE COMPANY N.V.

Amstelveen

Second annual redemption instalment (Redemption Group No. 2 fell due on December 15, 1975)

As provided in the Terms and Conditions Redemption Group No. 4, amounting to Dfls. 12,500,000.— has been drawn for redemption on December 15, 1976 and consequently the Note which bears number 4 and all Notes bearing a number which is a multiple of 4, are payable as from

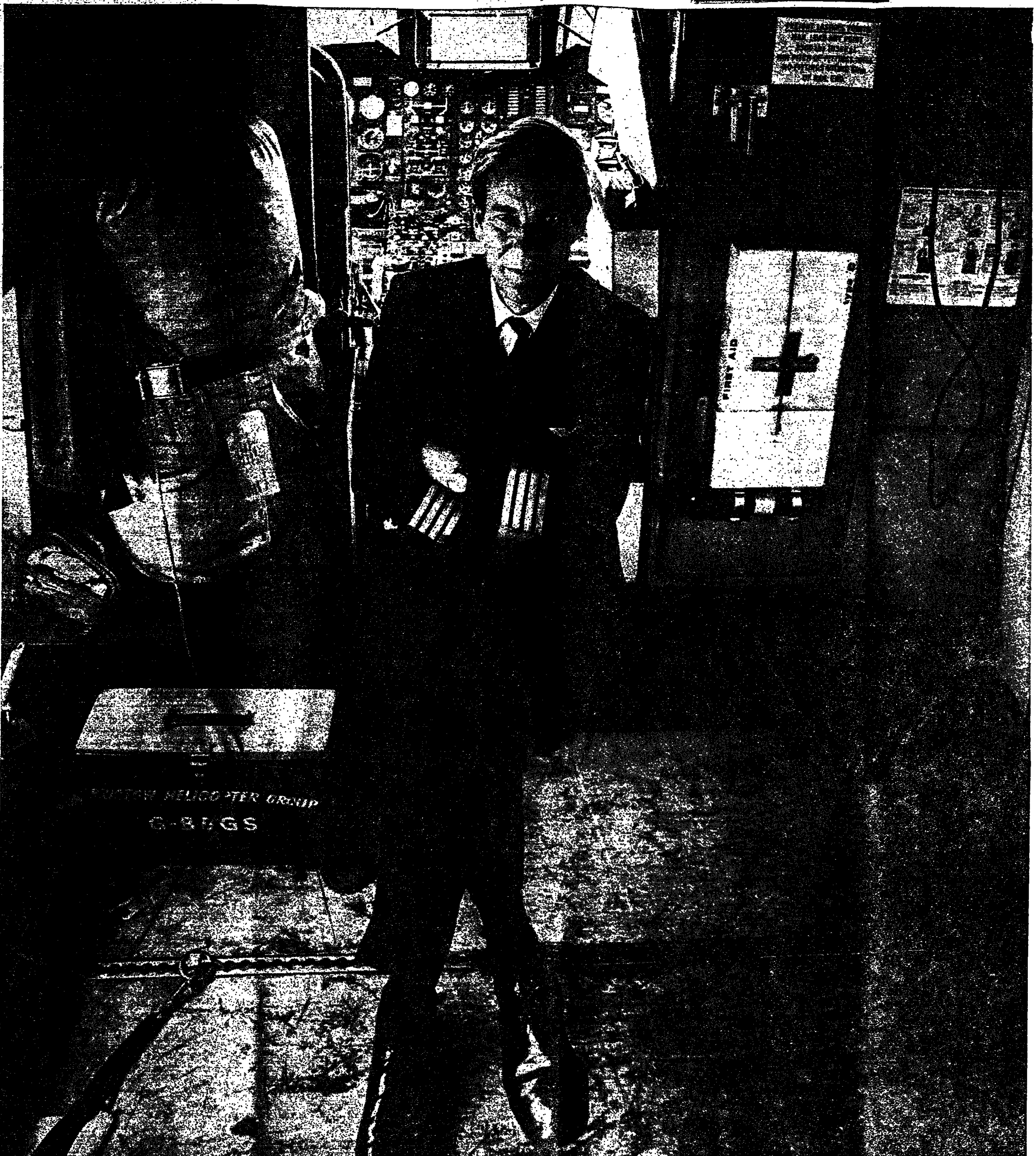
December 15, 1976

at

Algemene Bank Nederland N.V.
(Central Paying Agent)
Pierson, Heldring & Pierson N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope NV
in Amsterdam;
Algemene Bank Nederland (Genève) S.A.
in Geneva;
Algemene Bank Nederland in der Schweiz AG
in Zurich;
Kredietbank S.A., Luxembourgeoise
in Luxemburg.

October 27, 1976.

هكذا من الأصل



Photograph: Gus Wylie

Captain Spreadbury's flights are one class. Working class.

When you fly with John Spreadbury you fly to work. He pilots a helicopter out of Aberdeen, carrying oilmen and cargoes to and from the North Sea rigs.

Spreadbury performs an absolutely vital job. Without helicopters, the North Sea work would probably not be possible. These unlovely machines provide the only fast and reliable way to get out there and back.

Helicopter flights have become routine to Spreadbury and his passengers. The workers nip back and forth between the Scottish coast and the rigs as casually as can be, and the service doesn't shut down until winds reach 60 knots. In emergency, the 'copters will go even then.

John Spreadbury has done more glamorous flying in his time. For 18 years, he was a pilot with the Royal Air Force – chasing about in Vampires, Meteors, Sea Furies and the like. He left the RAF four years ago, got into helicopters first in Nigeria, and started on these Aberdeen runs about a year ago.

The flights to the rigs may be workaday to oil crews, but they could very well lead to some of the most dramatically cheering news Britain has had for a long time. Because, if the search for oil in the North Sea is as successful as all of us hope it will be, Britain will be self-sufficient in petroleum by the 1980s. That wouldn't change *everything*, but it certainly would brighten the nation's economic picture.

Nothing could please us more. We've been doing business in Great Britain since the 1880s; we're in the thick of the North Sea search; we keep several thousand men and women busy either as Mobil employees or, like Captain Spreadbury, as the employees of contractor organizations.

We're optimistic about success in the North Sea. And we're grateful to the skilled people like Captain Spreadbury for helping to make sure of that success.

Mobil®

PARLIAMENT

Treasury price rise estimate

Financial Times Reporter

RETAIL PRICES may increase by just over 3½ per cent. within 12 months as a result of the fall in the effective rate of sterling since the beginning of August.

This estimate was given by Mr. Denzil Davies, Treasury Minister of State, in the Commons yesterday, when asked what effect hte depreciation in the value of sterling over the last three months would have on the Government's original target for reducing inflation by the end of 1977.

The Minister replied: "Since the beginning of August, the effective rate for sterling has fallen by 9 percentage points.

"Although it is difficult to estimate the long term price effects of changes which have occurred over such a short period, this fall could be expected to add just over three and a half per cent. to retail prices within 12 months, if the pound remains at its present low level.

"But the effect on our target for the end of 1977 is likely to be rather less than 3½ per cent."

Crosland may attend talks

MR. ANTHONY CROSLAND, Foreign Secretary, would go to the Rhodesia talks in Geneva if necessary, Mr. James Callaghan, Prime Minister, told the Commons yesterday.

Answering the Liberal leader, Mr. David Steel, the Prime Minister said that Mr. Ivor Richard, British Ambassador to the UN, was proving an excellent chairman of the talks and had gained the confidence of everyone there.

Peers dispute blame for pressure of work

BY JOHN HUNT

A FRESH WRANGLE over the backlog of Government legislation in the Lords flared up last night when peers considered the Dock Work Regulation Bill.

Opposition peers defeated the Government when, by a majority of 18 (105—87) they approved a Tory amendment increasing the size of the National Dock Labour Board to 16.

And there was a further defeat when, by a majority of 57 (120-63), the House passed a Liberal amendment to include the National Consumer Council in the bodies to be consulted about appointments to the Board.

Lord Sandford, from the Conservative front bench, said there had been a great deal of exaggerated talk about delays and defeats the Tories were inflicting on the Government. "All we are *doing is inviting the Commons to* look again at matters which we think require further attention," he maintained.

As for delay, the Lords had considered the docks Bill for less than two weeks while the Commons had given it 36 sittings spread over more than three months. "It is unreasonable to talk about this causing considerable delays when that is the situation," he declared.

Lord Jacques, for the Government, said he could fairly claim that the Government was not to blame for the shortness of time which had elapsed between the committee stage of the Bill and the report stage

But Lord Sandford told him "The Government is entirely to blame. They are pushing through five Bills which should take about six months. That is the problem."

Lord Carrington, Tory leader in the Lords, intervened to protest: "We have been put under the most intolerable strain. It is an absurd attempt to push through so much legislation in such a short space of time."

The row continued with Lord Slater (Lab.), arguing that the *delays had been caused by bad* leadership from the Tories. They had been unable to control their *people.*

This brought a rejoinder from Lord Lucas of Chilworth who called it an outrageous accusation. It was ridiculous to believe that just because a Bill was introduced by the Government, it should become law.

Moving on to the Tory amendment to enlarge the Board to 16, Lord Sandford argued that it was difficult for a Board consisting only of employer and employee representatives to deal adequately with all the conflicts and tensions which arose. A confrontation situation was built into such a Board. It was important that interests outside the industry should be considered.

From the Labour benches, however, Lord Shinwell prophesised that there would be nothing but trouble through having too many on the Board. "They will talk and talk until they are blue in the face. The Bill is bad enough. We don't want to make it worse."

Lord Jacques explained that the Board's main function was to administer the dock labour scheme. At the moment, there were 10 members and in the Bill the Government was suggesting four additional representatives from outside the industry, making a total of 14.

The Opposition amendment would make the Board unnecessarily large, he said. It would be unacceptable if people from outside the industry were in a majority on the Board.

Lord Sandford explained that the object of the amendment was to ensure that the House of Commons was given a chance to reconsider the size of the Board.

Tory peers set to remove ship repairing from Bill

IT NOW SEEMS certain that the Conservative peers will succeed in removing ship repairing from the Aircraft and Shipbuilding Industries Bill when it comes up for further consideration in the *Lords later this week.*

They will press a straightforward motion striking the names of the 12 ship repairing companies from the Bill. The list includes Bristol Channel Ship Repairers, the company which has strongly opposed the Government's nationalisation proposals from the beginning.

The measure comes up again in the Lords on report stage to-day, and on *Friday. The amendment on ship repairing is* dealt with at the end of the Bill *and is not likely to be debated* until Friday.

Late on Monday night, the Lords approved a technical Conservative amendment paving the way for the main clash on Friday.

Monday's amendment allows the new nationalised corporation, British Shipbuilders, to repair or maintain its own ships if ship repairing is removed from the Bill. Apparently this would have been in doubt had the amendment not been passed.

It was approved by a majority *of 39 (73-34), giving some idea* of the heavy support the Conservatives can expect when their *main amendment is debated.*

The Bill is expected to receive a third reading in the Lords next *Tuesday. It will then go back* to the Commons where the Government will face the difficult task of reversing all the changes which have been made in the Upper House.

The legislation is not likely to be returned to the Lords for final approval before Monday, November 15, the beginning of the last full week of the present session of Parliament.

Education proposals ready in New Year

By Richard Evans, Lobby Editor

PROPOSALS AIMED at gearing Britain's educational system more to the country's economic, industrial and social needs are being prepared by Mrs. Shirley Williams, Secretary for Education and Science.

The contents of the discussion document, which will be ready for publication in the New Year, *are expected to follow closely* the views put forward last week by Mr. James Callaghan, Prime Minister, when he called into question many of the assumptions underlying current educational practice.

In particular, he queried whether the present system met the economic requirements of the nation including the need for many more engineers and skilled technicians.

The intention of Mrs. Williams is to conduct wide-ranging discussions with parents, educationalists, industrialists and other affected groups before publishing the document, which might take the form of a Green Paper.

The three basic headings will be covered—were the subjects taught in school relevant to the country's needs; should there be a core of subjects maintained throughout the school; and how best could standards of achievement be measured.

Both Mr. Callaghan and Mrs. Williams have stressed that the intention is to start a two-way traffic of ideas with industry in order to assess what changes might be required to fulfil the needs of industry.

The Prime Minister yesterday backed up his speech last week with an assurance that he wanted Government spending on education to be safeguarded. "This is an area where I want to see the highest level of public expenditure properly devoted," he told MPs.

He added there could "perhaps" be a re-ordering of public expenditure priorities so that the country could get better value for money from education.

Tories accuse postmen of breaking law

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

POST OFFICE workers were accused in the Commons yesterday of using a new weapon in industrial warfare—by refusing to deliver mail to a company involved in a strike.

MPs on both sides clashed over the issue, Tory MPs contending that the post workers were breaking the law by "illegal withholding of the mail" from the company, Grunwick Processing of Willesden.

But from the Labour side, Mr. Joe Ashton (Bassetlaw) heatedly accused the firm of exploiting

Mr. Joe Ashton accused the company of exploiting coloured workers.

coloured workers and paying them as *little as £22 a week.*

Defence of the postl workers' action was swept aside by demands *from Opposition* backbenchers for overnment repudiation of this type of industrial *warfare.*

Mr. Harold Walker, Minister of State, Employment, regretted that it was "part of the character of this dispute that reasonable and modearte men have taken this sot of action."

This brought renewed protests from Tory MPs. Mr. John Gorst (C., Hendon N.) said the firm could be forced into liquidation by the end of the week if the action by the Union of Post Office Workers continued.

Mr. Walker, urged by Mr. Gorst to make a statement on the affair, said that about 140 employees of the company had been on strike since August over other employees who, it was claimed, had been unfairly dismissed. Then the strikers had also been dismissed by the company.

"An inquiry by the Advisory, Conciliation and Arbitration Service is, I understand, proceeding," the minister told MPs.

"Members of other unions are taking sympathetic industrial action, including action by members of the Union of Post Office Workers which is affecting postal services to the company.

"Given the history and circumstances of the dispute, I would hope that the company will even now agree to participate in meeting with the union concerned under the auspices of ACAS in a search for the earliest possible settlement of the issue in dispute," said Mr. Walker.

Mr. Gorst declared that the action of the postal workers was in direct contravention of the Post Office Act. He wanted to know if proceedings would be instituted against those involved.

Mr. Walker suggested that the Postal Union's general secretary was a reasonable and moderate man and that he would be familiar with the law. "It is not for me to judge the legality of the matter," the Minister added.

From the Opposition front bench, Mr. James Prior, shadow Employment Secretary, urged the Minister to agre that reasonable and moderate men in the *Post Office should be careful not* to break the law in this particular case, even though they *might feel aggrieved at the treat*ment meted out to other workers.

Mr. Walker agreed that the best *outcome would be steps* taken without delay to bring the dispute to a "speedy end."

Later, Mr. Norman Tebbit (C., Chingford), called for an emergency debate on "interference with the delivery of the Queen's Mail."

But the Speaker, Mr. George Thomas, ruled that the request for a special debate did not come within the provision of the Standing Order on which Mr. Tebbit had raised the issue.

Callaghan pressed on tax remarks

BY JOHN HUNT

THE PRIME MINISTER refused to be drawn in the Commons yesterday when Mrs. Margaret Thatcher, leader of the Opposition, demanded that he should make clear whether he intends to increase taxation in order to meet increased Government borrowing.

Mr. Callaghan stressed, however, that whatever policies were adopted by the Government, the nation faced a long haul before the economy was fully restored to health.

Once again he managed to scrape through question time without having to face a prolonged inquisition over the economic situation and the state of the pound.

It had been expected that with three crucial by-elections due to-morrow the Conservatives would seize the opportunity to mount a major attack on Government policies. But, in the even, Mr. Callaghan was given a very easy ride, most of the time being taken up with exchanges on education.

Mrs. Thatcher recalled that in a broadcast the Prime Minister had warned that the country could not go on borrowing indefinitely. As he clearly did not intend to reduce Government expenditure, she wondered whether he was expecting to increase taxation in order to get the latest IMF loan.

Mr. Callaghan told her she would have to await discussions which were taking place at the moment—a reply which brought Tory jeers of "Tell us before Thursday." But the Prime Minister refused to be provoked. If there were any announcements to be made, they would be made in the Commons at a time of the Government's choosing.

Returning to the attack, Mrs. Thatcher said that in his broadcast on Panorama, the Prime Minister had given two broad hints which he had refused to give in the Commons—namely, that he saw scope for increased taxation and that he thought there was a margin for increased taxation.

"Do I understand that you have ruled out increased taxation now?" she asked.

Mr. Callaghan retorted that she could draw any deduction she liked. On Panorama, he had been replying to a semi-philosophical question and had given a wholly philosophical reply. All he had done was to compare the general levels of taxation.

"You should not draw any more deduction from it than the weight of the answer will bear," he cautioned.

Mr. Ian Gow (C., Eastbourne) reminded him that he had said there could be no lasting improvement in living standards unless we stopped getting deeper and deeper into debt.

"*How do you reconcile that* with the reality that during the past seven months, the Chancellor has added to the national debt by more than £6,000m.?" he asked.

Mr. Callaghan told him: "It shows that the recovery of a country which has *declined for the past 20 years* takes longer than six months and that industrial regeneration *is the best way in which* we can make this country fully competitive again. Until *that time, we shall have to* continue slowly in the right direction."

Tighter foreign student checks denied

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A FIRM denial that the Government has adopted a new policy of tighter checks on *foreign* nationals wishing to take courses in further education colleges in this country, was given by Mrs. Shirley Williams, Secretary for Education and Science, yesterday.

A draft document referring to voluntary co-operation between colleges here and the entry certification officers in British con*sulates overseas, was merely an* up-dated version of a discussion document first circulated to local education authorities, major colleges, and other interested bodies in 1973, Mrs. Williams said.

Far from approving the draft —which mentions checks on *applicants' qualifications, com*mand of English, and means of financial support — Ministers had not yet even seen it, she added.

Pres reports imputing that the document represented a policy decision were "very misleading and could create a good deal of worry or alarm among those concerned. It is of no asistance to good international relations or good race relations in this country."

Government sources also emphasised yesterday that the draft had no connection with the policy, announced in July, of raising the tuition fees payable by students from overseas coupled, from October next year, with a quota on the total numbers of foreign students entering the country.

Consultations on the proposed quota arrangements are said to be still in process, although it *is hoped to complete them in* time for an official announcement before Christmas.

MPs look beyond week-end EEC fishing agreement

DR. DAVID OWEN, Foreign Office Minister of State reporting to the Commons on the week-end EEC agreement on a 200-mile Community fishing limit, found an official Opposition welcome for the agreement, but warnings from fishery MPs that there was still more to be done.

Opposition spokesman Mr. Francis Pym, welcoming the agreement, pointed out that *more than a framework agree*ment with Iceland was required before December 1. He also stressed the need *for* adequate policing.

Dr. Owen agreed that the Iceland question was urgent but pointed out that there was still a formidable gap between the EEC countries on the internal regime. Enforcement was a crucial part of this, and had yet to be discussed.

Mr. James Johnson (Lab. Hull W) said that after *dismay at the* massive compromise made by Euro-MPs on fisheries, there was *now a massive breakthrough* which could be followed up by negotiation with the Icelanders, *Norwegians and others.*

Mr. John Prescott (Lab. Hull E) urged the Government to consider the alternative policy which would give Britain coastal control for quotas and conservation.

Dr. Owen agreed it was right to look at conservation and enforcement, and the viability of any quota system, but the present British view was hat fishermen's interests could not be safeguarded without a form of *coastal zone.*

The Government was moving towards an adjustment in the *Common Fishing Policy, which* had been accepted with many unsatisfactory features, and it was hoped to arrange a policy more favourable to Britain.

Urging MPs to look at the position realistically, he said the Government was trying to regain a situation which was given away.

Howell plans statement on water supplies

THE DROUGHT Minister, Mr. Denis Howell, is to make a statement on water supply shortly *after looking into the working* of the Drought Act.

This was stated in the Lords yesterday by *Baroness Birk*, Environment Under-Secretary, who said that restrictions were still *needed in some areas because* underground water reserves were taking a long time to fill.

She said the Drought Act 1976 should not be repealed when the present shortage ends, but kept in reserve.

Replying to Lord Lucas of Chilworth, who urged that the Act should be repealed as soon as possible she said it would ba incredibly foolish to *do* that.

When Lord Lucas said the situation was unfair to firms *which cleaned cars or buildings,* she said individual firms suffering special hardship could ask water authorities to relax the restrictions in their case.

● The Anglian Water Authority warned yesterday of higher water charges next year to help pay off loans totalling *£447m.*

In his annual report, the authority's chairman, Mr. Alan Skinner, revealed that 54 pence of every £ spent, now goes on paying interest on loans. He added: "The effect of the drought on our finances during the current year has yet to be determined."

SNP policy rejected

NATIONALIST policies which envisage a strong Scots pound floating upwards against ailing sterling were dismissed by Mr. James Callaghan, Prime Minister, as a "conoction" in the Commons yesterday.

Mr. Douglas Crawford (SNP Perth and E. Perthshire) had suggested that the only way Scottish unemployment could be brought down and investment increased was the establishment of a strong Scots pound.

Mr. Callaghan retorted that he had read "the concoction" that apparently was intended to prescribe a financial and economic policy for Scotland. "If I were an elector there, I would not be very attracted to it," he declared.

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MAN IN THE NEWS

Poll win puts Bob Wright back in race

BY ROY ROGERS, LABOUR CORRESPONDENT

YESTERDAY'S news that Mr. Bob Wright has been voted assisant general secretary of the Amalgamated Union of Engineering Workers ended a series of electoral defeats which had looked like forcing him out of the trade union movement he has served for more than 25 years.

Since he was ousted from his AUEW national executive seat a year ago, soft-spoken Mr. Wright has been through a very harrowing period, not made any easier when he was pushed into second place in the first round of the fight for the assistant general secretary.

His health and family have suffered and he has had the indignity of signing on the "dole," but his decision to persevere with his union career and not take up any of the industrial posts that have been offered him in recent months has at last been vindicated.

Bob Wright
In a strong position.

Unhappy

And he is left in a strong position to challenge for the union's presidency, when it is contested next year to find a successor to Mr. Hugh Scanlon, who retires in 1978.

AUEW moderates, who have virtually swept the board in recent elections, were clearly unhappy with Mr. Wright's dramatic victory, which has upset their calculations for the impending battle for the presidency.

They see the success of Left-winger Mr. Wright as being due to a massive "sympathy" vote after his defeat for the general secretaryship and the subsequent loss of his executive post.

The Left sees his victory as the first sign of a possible backlash against the union's recent moves towards moderation, which they claim were largely due to Press interference in earlier AUEW elections.

Mr. Wright, who is 55, is a close friend of Mr. Scanlon and has consistently adopted a Left-wing stance during the eight years he was on the union's seven-man national executive.

Industrially, he was not the militant that one might have expected and soon emerged as a leading union voice in the motor industry, where he played a major role in the rescue operations for British Leyland and Chrysler U.K. He has also been a leading union spokesman in the electricity supply industry.

At the time of his removal from the executive there was no doubt that he was one of—if not the—most able members of the union's executive, commanding considerable respect from the employers and Ministers with whom he came into contact.

That respect was demonstrated in the form of various approaches that were made to transfer him to industry when it looked as though he had been rejected by his union members.

In spite of his subsequent ballot victory, his loyalty to the union means that he will remain unemployed, on benefit of £28 a week, until he takes up his new post in April.

Even then, he will be earning about £500 a year less than the £5,500 salary he enjoyed on the executive.

Bob Wright began his union career when he was an engineering apprentice in the Manchester area in the 1930s.

He soon became elected as shop steward and convener in Stockport and in 1951 was elected to the union's policy-making national committee, where he served for six years before being elected full-time Stockport district secretary.

During his eight-year term on the union's national executive, he represented the key East Midlands and Manchester areas and led the union's negotiations in the motor and electricity supply industries.

In his new post, Mr. Wright, a Labour Party member for more than 30 years, succeeds Left-winger Mr. Ernie Roberts, who retires as assistant in control of the union's political activities.

LABOUR NEWS

Teesside terminal almost year behind schedule

BY CHRISTIAN TYLER, LABOUR STAFF

A £200m. oil terminal being built on Teesside for Phillips Petroleum is nearly a year behind schedule.

The company has given no reasons for the delay, but is not denying local reports that one of the causes is industrial disputes among the 4,000 workers on the site.

Big construction sites on Teesside, including Phillips' site at Seal Sands, have been plagued with disputes recently over issues such as demarcation and working conditions.

The area was singled out several weeks ago by the electrical contracting industry as being particularly dispute-prone.

A Phillips official said in London last night: "There have been industrial disputes, but I am not prepared to say how much they have contributed to the delay."

It would be "irresponsible and unhelpful" to put that interpretation on what was a straightforward progress report put out by the company, he added.

All big contracts of this kind were liable to delay. In this case there had been some industrial disputes, bad weather—including gale damage—equipment delays, a "not very high standard of productivity" and possibly other factors in what was a complex situation.

The *progress report* says that the original forecast that processing facilities would be operational by the end of this year would not be achieved.

Work on the reception, processing and trans-shipment terminal was 80 per cent. complete, and two out of eight crude oil loading jetties were in use.

Completion of natural gas liquids processing and refrigerated storage was not scheduled for the third quarter of next year. Major construction would be running down during 1978.

Industrial troubles and low productivity have been blamed for delay to another important project—the £300m. Isle of Grain oil-fired power station in Kent, the biggest of its kind in Europe.

A report by the National Economic Development Office, after two years' research, says that Britain is bottom of the league in terms of site performance compared with Europe and North America. Poor industrial relations on site were creating a "vicious circle" of inefficiency and delays.

Equity decides against more sanctions

A LONG-RUNNING argument inside the actors' union Equity about sanctions against South Africa was decided yesterday when a referendum showed a majority of 12 against extending a ban on the sale of TV programmes to all TV and cinema films, and records.

Angry reaction

CIVIL SERVANTS unions continued with their angry reaction to Liberal proposals, outlined in a Bill to be presented to Pariament to-day to abolish inflation-proof pensions for civil servants. Union leaders accused the Liberals of trying to "crucify" civil servants and claimed that their pension schemes were no different to those of millions of people in the private sector.

Overtime ban

MORE THAN 800 workers at the Ministry of Defence ordnance depot at Chilwell, Notts., decided to ban overtime and work to rule in protest at the breakdown of negotiations over a pay dispute.

Flights delayed

BRITISH AIRWAY'S international flights from Heathrow airport, London were disrupted when engineers walked out to hold a compulsory union meeting over an internal dispute. The engineers returned to work after two hours.

Engineers training plan attacked as too expensive

BY DAVID CHURCHILL, LABOUR STAFF

SHARP CRITICISM of Government plans for a central fund to train workers in skills where shortages exist came yesterday from the 5,600-member Engineering Employers' Federation.

The federation described the funding proposals, outlined in a consultative document last June, as "expensive and cumbersome."

The document proposed that Government and industry should contribute to a central fund to "ensure a steady, high intake of trainees to meet the needs of industry as a whole."

The federation says in its written reply to the document that the present system of industrial training boards is adequate to cope with the situation under provisions already included in industrial training legislation.

Outmoded system

Companies not within the scope of the Boards, should be charged a fee for taking on employees newly trained by another company.

The federation says it would be opposed to any extra levy, as this would "add to the financial problems of industry."

It bases its criticism of the consultative document on what it claims is a wrong analysis of manpower shortages in industry.

Instead, it says, the main problem is attracting young people "of good calibre" into the industry, and retaining them.

Length and type of training, erosion of pay differentials, and lack of job satisfaction in not being able to use skills acquired, were all contributory factors in the failure to attract high-quality employees.

Employers are concerned that training should not be only for school-leavers on the old apprenticeship system, as it claims the document recommends.

"The adoption of these proposals would cast in concrete an outmoded system based almost exclusively on training from school-leaving age."

As an alternative to the Government proposals the employers' federation wants further talks between employers, unions, and training Boards to "determine what training is needed to meet the evolving requirements of the industry, how this should be done, and how it should be financed."

It calls specifically for preparation of schoolchildren for working life by ensuring that they have basic educational skills,

New move to end oil plant dispute

BY OUR LABOUR STAFF

FURTHER ATTEMPTS by union officials to persuade strikers at British Petroleum's chemical plant at Grangemouth, Scotland, to end their sit-in and return to work are expected to take place to-day.

The expected moves result from a series of inconclusive meetings yesterday between full-time union officials of the Transport and General Workers Union and the Amalgamated Union of Engineering Workers to persuade shop stewards representing almost 1,700 workers to end their dispute.

The row has already halted all chemical production at the plant and is forcing the company to "burn off" over 400 tonnes of gas a day.

Strikers want the right to negotiate pensions, instead of nationally as the company has suggested, on a local basis. This they say would ensure that local factors were taken fully into account.

BP management at the plant is hopeful that to-day's talks between the stewards and union officials will enable talks to start on whether their claim can be met by the company.

About 140 supervisors at the plant, members of the Association of Scientific, Technical and Managerial Staffs, are also on strike in support of better pensions but their action has been made official by the union.

Union allegations that the plant's closure would soon halt the flow of oil from the Forties field, were again refuted by the company last night.

Union offices occupied

MORE THAN 100 scaffolders occupied the Middlesbrough offices of the Transport and General Workers Union yesterday in a dispute over working conditions at the Wilton complex of ICI, Britain's largest chemical company.

The scaffolders who have been on strike for three weeks for a new safety agreement, said that they were not satisfied with union support for their claim.

They would continue to occupy the offices until they met regional union leaders.

APPOINTMENTS

A. Murray becomes deputy chairman of Crane Fruehauf

Mr. Angus Murray has been appointed to the new post of deputy chairman of CRANE FRUEHAUF. He has been a director of that company since October, 1971. He is also chairman of Redman Heenan International and of the Newall Machine Tool Company, and a director of Hambros Industrial Management and Sandvik.

★

Mr. L. W. Hughes has been appointed a director of C. T. BOWRING (U.K.).

★

Following the decision by Manufacturers National Bank of Detroit to increase its shareholding in ATLANTIC INTERNATIONAL BANK, Mr. John T. Cannis, vice-president and European representative, has been appointed to succeed Mr. Clive Sanders as managing director of Atlantic. Mr. Sanders remains on the Board as an executive director, and Mr. Hilton S. Clarke continues as chairman.

★

Mr. John B. Phillips has been appointed personnel director of ALCAN BOOTH EXTRUSIONS.

★

Mr. Wilf Rawcliffe has been appointed a director of LEONARD FAIRCLOUGH, with responsibility for personnel, industrial relations, training, health and safety. Mr. Rawcliffe joined the company in 1965 as personnel manager and was appointed a special director in 1971.

★

Mr. R. P. Walther, previously deputy investment manager, has been appointed an investment manager with the CLERICAL MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY.

★

Dr. N. Swindells has retired from the service of McKECHNIE BROTHERS and as a director.

★

Mr. M. A. N. Hughes has been appointed managing director of IAN McCALL (OVERSEAS). He is joined on the Board by Mr. C. J. Costello. Mr. John Beardsworth has joined the Board of Ian McCall and Company.

★

Mr. Douglas P. Matthew has been appointed a director of RENOTE.

★

Mr. R. N. Gunn, director of property of the BOOTS COMPANY, has joined the parent Board as an executive director. Mr. B. F. W. Scott is a non-executive director.

★

Sir Francis Pemberton has been appointed a director of BARCLAYS BANK U.K. MANAGEMENT from January 1. He is senior partner of Bidwells, chartered surveyors, of Cambridge, and a director of the Agricultural Mortgage Corporation.

Mr. D. J. Ford has become assistant general manager, planning, head office, of BARCLAYS BANK INTERNATIONAL. Mr. Ford was previously a manager of Barclays Kol and Co., Amsterdam, and manager of Barclays Bank International's Amsterdam branch.

★

Mr. J. E. Walker has been appointed president (chief executive officer) of CARPETS INTERNATIONAL—U.S., in addition to his present position as chairman of that company. The appointment has been designed to strengthen the development of the operating subsidiary Carintusa, which was set up last year to sell and distribute group products in the U.S.

★

Mr. Peter S. Edgson has been elected chairman of the LONDON AUCTION MART following the resignation from that position of Mr. Arthur E. Hemens and of Mr. Philip A. Newman as vice-chairmen.

★

Mr. Bryan Ashford has been appointed general manager and director of KIWI PRODUCTS (U.K.). He joined Kiwi in 1973 as sales and marketing manager. Mr. Philip Ward has been made marketing manager, Mr. Geoffrey Phillips is now factory manager at Henley, and Mr. Michael Horsfall has moved to Camberley as company secretary-accountant.

★

Mr. J. Guzzan and Mr. H. M. Gordon-Martin were appointed joint managing directors of DAKS-SIMPSON.

★

Mr. Raymond Mistovski has been appointed managing director of FACOM (U.K.), a subsidiary of Facom France of Morangis, Paris.

★

LLOYDS AND SCOTTISH FINANCE has appointed Mr. I. M. Bickey regional director (Scottish), Mr. J. G. Rycroft, regional director (Northern), and Mr. A. C. Thomas, regional director (western). Mr. R. J. Clark and Mr. C. J. Harrison have also been appointed regional directors with special responsibility for managing respectively the company's associated companies Datsun Finance and Auto Union Finance.

★

Mr. P. T. E. England has been appointed Deputy Under Secretary of State (Army) in succession to Mr. R. C. Kent who is retiring on November 30.

★

Mr. Patrick Kennedy has been appointed a director of BRENTNALL BEARD LIFE AND PENSIONS.

★

Mr. Martin W. Stone has been appointed a director of COOPER GAY AND CO.

★

Three appointments have been made to the Board of HUNTWEST. They are Mr. John E. Andrews, director, specific projects division, Mr. Jack Whittaker, works director, and Mr. Keith D. Wilkes, sales director, mineral process plant division.

ENTERTAINMENT GUIDE

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

STOCK EXCHANGE BUSINESS IN OCTOBER

Turnover in short gilts up 44%

BY GEOFFREY FOSTER

The heavy pressure on sterling that forced minimum lending rate up 2 per cent. to a record 15 per cent. and a further call for 2 per cent. special deposits in October activated substantial selling of short-dated gilt-edged securities which was reflected in increased turnover.

After September's rise of £2bn. total Stock Exchange business las month was up £0.7bn. more at £8.2bn. The improvement in trade, just over 9 per cent. in money terms, was largely due to increased volume in gilt-edged securities and short-dated gilts in particular. Business in the latter rose by £1.4bn. to £4.4bn., the highest total since last February (£5.5bn.), while the number of bargains transacted was 4,437 higher at 27,661. The average value per bargain improved by £28,340 to £159,204. Overall, British Government securities turnover advanced £0.9bn. to £6.5bn., and the number of bargains as a whole increased 7,276 to 68,806.

The renewed spate of interest in the shorts was greatly helped by the Government Broker's reactivation of the short-tap Treasury 11¼ per cent. '79 "A" which was issued late in September and is generally thought to be nearly exhausted. Confidence in gilts remained at a low ebb throughout October and the announcement of two new stocks—a medium dated Treasury 3 per cent. 1982 and a long-dated Treasury 15¼ per cent. 1998—had little immediate impact on the market.

From an end-September level of 59.18 the FT Government securities index fell to a 1976 low of 55.88 before closing the month 2.76 points down at 56.42.

After showing a small improvement in business during September, turnover in Ordinary Shares was clipped by £0.03bn. to just under £1bn. The number of bargains, however, increased by 17,082 to 248,774 and the average value per bargain was down from £4,399 in September to £3,958 last month.

Equity prices had a bad time in October with new 1976 low levels being recorded.

Again the dominant depressant was the poor performance of sterling. Sterling's loss of 9 cents against the dollar during the month shattered confidence in stock markets, and worries about the terms the IMF will set on the U.K.'s requested $3.9bn. loan also created a great deal of uncertainty and led to a widespread setback in share prices.

The FT Industrial Ordinary share index touched a 1976 low of 265.3 on October 27 before ending the month 46.8 points, or 14.5 per cent., down at 276.7. The 1976 high of 420.8 was recorded on May 4.

September's rally in Gold shares was taken a stage further in October, spurred by the performance of the bullion price. On October 28, bullion jumped $5.15 an ounce on the day to $123 an ounce, its highest closing level since July 9. This reflected satisfaction with the outcome of the fourth IMF gold auction. The FT Gold Mines share index ended the month with a rise of 14.7 points, or 13.5 per cent., at 123.4.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargain per day
British Govt. and British Govt. Guaranteed:							
Short-dated (having five years or less to run)...	4,403.7	53.9	27,661	7.8	209.7	159,204	1,317
Others	2,058.0	25.2	41,145	11.6	98.0	50,019	1,959
Irish Government	245.5	3.0	3,377	0.9	11.7	72,692	161
U.K. Local Authority	380.4	4.6	7,788	2.2	18.1	48,843	371
Overseas Govt. Provincial and Municipal	14.5	0.2	1,369	0.4	0.7	10,631	65
Fixed Interest Stock, Pref. and Prefd. Ord. shares ...	88.6	1.1	24,486	6.9	4.2	3,617	1,166
Ordinary shares	984.8	12.0	248,774	70.2	46.9	3,958	11,847
Total	8,175.6	100.0	354,600	100.0	389.3*	23,056*	16,886

* Average of all securities.

Thousands of homes 'have fire risk'

THOUSANDS of homes throughout the country contain materials which are a serious fire risk, a special report says.

The report recommends that polyurethane ceiling boards should be removed and replaced with fire-resistant material.

It was commissioned by Ashford Council, Kent, after a blaze in which a pensioner died.

Mr. Keith Speed, Ashford's MP, said: "We are talking about 20,000 homes plus across the country and so this report has considerable national implications."

Mr. Speed added: "It is clearly going to cost a great deal of money to put right and the Government should pay."

The Greater London Council had spent more than £1m. replacing polyurethane ceiling boards in Thamesmead after a fire in 1971.

"Yet even in March this year, the Environment Minister was saying he considered it safe—the report proves that he is totally wrong."

Retirement plan

NORTHAMPTONSHIRE County Council is to consider offering early retirement to some of its 20,000 employees, to reduce the rising wage bill and avoid the possibility of redundancies, it was disclosed yesterday.

BOND DRAWING

TELEFONAKTIEBOLAGET L M ERICSSON
9¼% Bonds 1985

S.G. WARBURG & CO. LTD., announce that Bonds for the amount of U.S.$1,250,000 have been drawn in the presence of a Notary Public for the sixth redemption instalment due 1st December, 1976.

The numbers of the Bonds so drawn are as follows:—

7	30	54	76	100	123	146	168	193	214
238	260	284	306	330	353	377	399	422	445
468	490	515	537	560	582	607	629	653	676
700	721	745	768	791	813	838	859	883	906
930	952	976	998	1751	1772	1797	1819	1843	1864
1889	1911	1935	1958	1982	2004	2028	2050	2074	2096
2121	2143	2166	2189	2213	2235	2259	2282	2304	2326
2350	2372	2396	2418	2442	2464	2488	2511	2535	2557
2581	2603	2627	2649	2674	2696	2720	2741	2766	2788
2812	2835	2859	2879	2903	2925	2949	2971	2996	3017
3041	3063	3088	3110	3134	3157	3180	3202	3226	3249
3273	3295	3319	3341	3365	3387	3412	3434	3456	3479
3502	3524	3548	3571	3594	3616	3641	3663	3687	3709
3734	3755	3779	3802	3826	3848	3872	3895	3918	3941
3966	3988	4012	4032	4057	4078	4102	4125	4149	4170
4194	4217	4340	4367	4391	4413	4436	4459	4483	4505
4530	4552	4575	4597	4622	4644	4668	4691	4714	4736
4759	4782	4806	4828	4852	4874	4897	4919	4944	4966
4990	5012	5036	5058	5082	5105	5129	5150	5175	5197
5221	5243	5268	5289	5313	5335	5359	5381	5405	5427
5451	5472	5497	5519	5543	5565	5589	5611	5635	5659
5682	5705	5727	6751	5774	5797	5821	5844	5866	5890
5912	5935	5958	5982	6034	6057	6080	6104	6127	6150
6174	6196	6219	6243	6266	6288	6311	6334	6357	6380
6404	6427	6450	6472	6496	6544	6568	6595	6617	6640
6663	6687	6709	6734	6756	6780	6801	6826	6848	6872
6895	6919	6940	6964	6987	7011	7032	7057	7078	7102
7123	7163	7186	7209	7232	7255	7278	7301	7325	7348
7371	7397	7420	7443	7466	7490	7512	7534	7609	7631
7655	7697	7720	7742	7766	7788	7811	7834	7858	7880
7903	7927	7950	7973	7996	8020	8042	8064	8088	8111
8134	8157	8180	8203	8226	8250	8273	8296	8318	8342
8364	8387	8411	8434	8456	8479	8503	8526	8549	8573
8596	8618	8647	8671	8693	8717	8741	8763	8784	8809
8848	8871	8894	8917	8940	8962	8986	9009	9032	9054
9078	9101	9124	9148	9171	9194	9215	9239	9262	9285
9309	9332	9354	9377	9401	9424	9447	9471	9493	9516
9538	9562	9585	9608	9631	9654	9712	9735	9759	9807
9830	9853	9876	9899	9922	9946	9969	9991	10015	10038
10061	10084	10108	10129	10152	10175	10198	10232	10256	10278
10301	10324	10348	10381	10424	10448	10470	10493	10516	10540
10563	10585	10608	10631	10654	10677	10701	10724	10745	10770
10791	10815	10837	10862	10883	10907	10931	10954	10977	11000
11024	11046	11068	11093	11116	11139	11160	11184	11208	11231
11255	11278	11301	11323	11347	11369	11392	11416	11439	11461
11484	11508	11531	11554	11578	11601	11623	11646	11670	11693
11716	11740	11762	11784	11808	11831	11854	11877	11900	11923
11944	11969	11992	12015	12036	12061	12084	12109	12134	12157
12180	12202	12226	12249	12272	12296	12319	12341	12364	12388
12411	12434	12458	12479	12502	12524	12548	12571	12594	12617
12640	12663	12686	12710	12733	12756	12779	12802	12825	12848
12872	12895	12917	12941	12964	12987	13010	13034	13055	13078
13101	13124	13147	13170	13193	13216	13239	13263	13286	13309
13332	13355	13389	13411	13437	13459	13483	13504	13529	13551
13575	13598	13622	13643	13676	13697	13721	13743	13768	13789
13813	13836	13860	13882	13906	13930	13952	13974	13999	14021
14045	14067	14091	14113	14136	14159	14183	14205	14228	14251
14274	14296	14321	14343	14366	14388	14413	14435	14459	14482
14506	14527	14551	14574	14598	14620	14645	14666	14690	14711
14736	14758	14782	14804	14828	14849	14873	14896	14920	14941
14966	14988	15012	15034	15059	15081	15104	15127	15151	15173
15197	15220	15243	15265	15290	15311	15335	15358	15381	15403
15426	15449	15473	15495	15518	15541	15565	15587	15612	15634
15658	15680	15704	15726	15750	15773	15797	15818	15843	15865
15888	15910	15935	15956	15980	16002	16026	16048	16072	16094
16118	16140	16165	16187	16211	16233	16257	16279	16303	16326
16350	16372	16395	16418	16442	16463	16488	16510	16533	16555
16579	16601	16625	16648	16671	16693	16717	16740	16764	16786
16811	16832	16856	16878	16903	16925	16949	16971	16995	17017
17040	17063	17087	17108	17133	17154	17178	17200	17225	17246
17270	17293	17317	17339	17363	17386	17409	17431	17456	17478
17502	17524	17548	17570	17594	17617	17640	17662	17685	17708
17731	17753	17778	17800	17823	17845	17870	17892	17916	17939
17963	17984	18008	18031	18055	18077	18102	18123	18147	18169
18194	18215	18239	18261	18285	18306	18330	18353	18377	18398
18423	18445	18469	18491	18516	18539	18561	18585	18608	18631
18654	18678	18700	18723	18747	18770	18792	18815	18838	18861
18883	18907	18930	18953	18975	18999	19022	19045	19069	19092
19115	19137	19161	19184	19207	19231	19254	19276	19299	19323
19346	19368	19392	19414	19437	19459	19483	19506	[illegible]	19552
19575	19598	19621	19645	19668	19691	19714	19737	19760	19784
19807	19830	19852	19876	19899	19922	19946	19968	19990	20013
20036	20059	20082	20106	20128	20151	20174	20198	20221	20244
20268	20290	20313	20336	20360	20383	20406	20429	20452	20475
20497	20522	20544	20566	20590	20612	20635	20658	20682	20704
20727	20751	20774	20797	20820	20844	20866	20889	20913	20936
20959	20982	21005	21028	21051	21075	21097	21120	21142	21166
21188	21211	21235	21258	21280	21303	21327	21350	21373	21397
21420	21442	21465	21489	21512	21535	21559	21581	21604	21627
21651	21673	21696	21719	21742	21764	21787	21811	21834	21856
21880	21903	21926	21949	21973	21996	22018	22042	22065	22088
22111	22135	22157	22180	22204	22227	22249	22272	22295	22318
22340	22364	22387	22410	22432	22456	22479	22502	22526	22549
22572	22594	22618	22641	22664	22688	22711	22733	22756	22780
22803	22825	22849	22871	22894	22916	22940	22963	22986	23009
23032	23055	23078	23102	23125	23148	23171	23194	23217	23240
23264	23287	23309	23333	23356	23379	23401	23425	23447	23470
23493	23516	23539	23562	23585	23608	23631	23655	23678	23701
23724	23747	23770	23793	23817	23840	23863	23885	23909	23932
23955	23979	24001	24023	24047	24069	24092	24115	24139	24161
24184	24208	24231	24254	24277	24301	24323	24346	24370	24393
24416	24439	24462	24485	24508	24532	24555	24577	24599	24623
24645	24668	24692	24715	24737	24760	24784	24807	24830	24854
24877	24899	24922	24946	24969	24992	25016	25060	25083	25105
25129	25152	25175	25198	25221	25243	25266	25290	25313	25335
25359	25382	25405	25428	25452	25475	25497	25521	25544	25567
25590	25614	25636	25659	25683	25705	25728	25751	25774	25799
25821	25845	25868	25891	25913	25937	25960	25983	26007	26030
26053	26075	26099	26122	26145	26169	26192	26214	26237	26261
26284	26307	26331	26352	26376	26397	26421	26444	26467	26490
26513	26536	26559	26583	26606	26629	26652	26675	26698	26721
26745	26768	26790	26814	26837	26860	26883	26907	26928	26951
26974	26997	27020	27043	27066	27089	27112	27136	27159	27182
27205	27228	27251	27274	27298	27321	27344	27366	27390	27413
27436	27460	27483	27504	27527	27550	27573	27596	27620	27642
27665	27688	27712	27735	27758	27782	27804	27827	27850	27874
27897	27920	27943	27966	27989	28012	28036	28059	28080	28104
28126	28149	28172	28196	28218	28241	28265	28288	28311	28335
28358	28380	28403	28427	28450	28473	28497	28519	28542	28565
28589	28613	28635	28657	28680	28702	28725	28749	28772	28794
28818	28841	28864	28887	28911	28935	28956	28981	29003	29027
29049	29074	29095	29119	29142	29166	29188	29212	29233	29257
29278	29303	29325	29349	29370	29395	29417	29441	29464	29488
29510	29533	29556	29580	29602	29627	29649	29672	29694	29755
29779	29802	29826	29847	29872	29893	29917	29939	29963	29984

On 1st December, 1976 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30 Gresham Street, London, EC2P 2EB.

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st December, 1976. Bonds so presented for payment must have attached all coupons maturing subsequent to 1st December, 1976.

The following Bonds previously drawn for redemption on dates given below have not yet been presented for payment.

1st December, 1971

8234

1st December, 1972

7469 23623 23715

1st December, 1973

72	97	6865	7465	7489	8185	8954	9721	10172	12768
19489	22634	24241	28034	29186	29642	29690	29811		

1st December, 1974

826	2106	2830	3071	3394	3474	4843	5809	6807	7467
7839	9303	9383	9625	11647	20506	26805	29942		

1st December, 1975

12	40	94	315	341	370	396	425	450	478
561	699	2003	2032	2058	2085	2113	2141	2169	2690
2718	3018	3046	3074	3102	3127	3156	3184	3210	3238
3265	3293	3322	3348	3375	3402	3430	3459	3485	4008
4688	6062	6751	6779	6805	6834	6860	6943	7266	7483
7737	8183	8212	8431	8487	8837	8864	8891	8919	8945
8973	9055	9302	9387	9413	9440	9468	9577	9722	9910
9967	10076	11627	11655	11681	11708	11956	12066	13901	14367
15218	15685	16314	16398	16618	17110	19498	21008	22709	23751
24957	25721	26793	27177	27204	28056	29236	29265	29289	29371
29647	29795	29823	29932	29960	29985				

30 Gresham Street, London EC2P 2EB. 3rd November, 1976

Republic National Bank of New York

Consolidated Statement of Condition

SEPTEMBER 30

ASSETS	1976	1975
Cash and due from banks	$ 65,916,166	$ 89,142,599
Interest bearing deposits with banks	374,693,824	217,279,827
Precious metals	22,815,317	22,786,189
Investment securities:		
U.S. Government obligations	90,384,867	29,687,200
Obligations of U.S. Government agencies	56,634,115	56,782,624
Obligations of states and political subdivisions	103,193,202	127,630,585
Other	69,040,056	26,998,485
Total investment securities	319,252,240	241,098,894
Federal funds sold	37,000,000	80,000,000
Loans, net of unearned income	794,598,566	637,628,071
Less allowance for possible loan losses	11,751,911	9,798,751
	782,846,655	627,829,320
Customers' liability under acceptances	86,944,431	53,849,970
Bank premises and equipment	13,699,671	13,539,069
Accrued interest receivable	38,580,980	22,904,840
Other assets	39,132,117	48,245,974
Total assets	$1,780,882,401	$1,416,676,682
LIABILITIES		
Deposits	$1,453,583,322	$1,161,700,548
Federal funds purchased and securities sold under agreement to repurchase	10,000,000	
Other liabilities for borrowed money	3,372,614	4,150,717
Acceptances outstanding	87,423,031	54,722,606
Accrued interest payable	77,838,994	45,839,674
Other liabilities	13,308,304	26,062,069
6¼% - 8% Notes	808,000	808,000
STOCKHOLDERS' EQUITY		
Common stock	21,482,080	21,482,080
Surplus	45,050,511	44,252,511
Surplus representing convertible notes obligation assumed by parent corporation	12,604,000	13,402,000
Undivided profits	55,411,545	44,256,477
Total stockholders' equity	134,548,136	123,393,068
Total liabilities and stockholders' equity	$1,780,882,401	$1,416,676,682
Letters of credit outstanding	$ 61,484,109	$ 42,227,444

Fifth Avenue at 40th Street, New York, New York 10018

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An affiliate of TRADE DEVELOPMENT BANK HOLDING S.A. Luxembourg

Capital Funds including minority interest in affiliated companies .... U.S.$ 258,101,000

Total Assets .... U.S.$2,865,529,000

(At June 30, 1976)

Affiliates and Representatives in:

Bogota, Buenos Aires, Caracas, Chiasso, Frankfurt, Geneva, Luxembourg, Manila, Mexico City, Panama City, Paris, Rio de Janeiro, Sao Paulo

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CBI QUARTERLY SURVEY OF INDUSTRIAL TRENDS

Business confidence declining

BY ADRIAN HAMILTON

THE CONFEDERATION of British Industry's latest quarterly survey of industrial trends shows a marked decline in business confidence.

But it also suggests that manufacturing industry is still on a consistent, if very gradual, recovery path led by exports and a turn in investment intentions.

The latest survey, carried out last month, is particularly important in that it comes at a time when recent economic indicators and the developments on sterling exchanges and interest rates have tended to darken the recovery horizon.

Respondents would only just have had time to react to the two-point rise in interest rates last month by the time their answers were due in on October 20 and this would have been before the further sharp fall in sterling and the political moves of last week.

Liquidity

Nevertheless, the survey shows a sudden and dramatic turnround in business confidence compared with the rising confidence demonstrated in previous surveys.

The survey also points out worries on liquidity; a slowdown in the rate of recovery in investment intentions; a high proportion of companies predicting further cost increases over the winter; and little sign of an increase in employment.

These indicators are still highly tentative. But against a background in which the overall recovery of activity and orders is still very gradual, they clearly raise doubts as to whether a sustained export-led growth can be achieved over the medium-term unless confidence revives and liquidity is improved.

On the short term, the CBI, which has also released its economic situation report for the end-October containing its own forecasts for growth, remains moderately sanguine.

In contrast to commentators who have argued a serious setback to world trade and U.K. economic growth prospects over the summer, the confederation feels that the basic trend remains upward.

The results of its inquiries on investment suggest an increase of 10 per cent. to 15 per cent. in manufacturing investment in 1977 compared with this year—although the confederation has slightly revised down its figures in the light of its confidence returns.

Exports it sees as continuing to lead growth, with a forecast of around 10 per cent. rise next year. The number of companies working below capacity has fallen, although it remains high by historical standards.

Stabilised

Trends in total new orders and in output indicate that activity is still rising, although not sufficiently to suggest a conspicuously rapid rate.

Manufacturing employment, on the evidence of the survey, appears to have stabilised and there is less labour-shedding than before.

Drawing the strands of the survey results together, evidence from the regions and recent statistical indicators, the Confederation in its situation report suggests a growth in the economy next year substantially below the Treasury's expectations earlier in the year, but not insignificant in its own right.

Gross domestic product, it suggests, will grow in the region of around 3 per cent., having increased quite sharply between the third and fourth quarters of this year.

This compares with the Chancellor's prediction made earlier this year of a 4.5 per cent. GDP rise, but appears to be broadly in line with the most recent short-term Treasury forecasts.

The major contribution to this growth, the CBI predicts, will come from North Sea oil and exports.

Consumption will make only a small contribution to this, with a rise of less than 1 per cent. in 1977. Total fixed investment will fall, despite a rise in capital spending by manufacturing industry of as much as 15 per cent. next year. Rapid stockbuilding seems unlikely, with a fall in stock/output ratios until the first half of 1978.

On the brighter side, the CBI's economists clearly feel that the impact of North Sea oil coupled with a rise in exports and a slowing down in import growth could have substantial benefits for the balance of payments.

World trade, the CBI feels, should grow at around 10 per cent. next year and the U.K. should at least maintain its share if not actually improve it as a result of the falling value of sterling.

Imports are likely to grow faster than final expenditure, because the growing sectors of demand will be those with relatively high import propensities. But the volume of exports should rise rather faster than the value of imports, while North Sea oil should reduce the import bill in current prices by a further £1bn.-£1.5bn. in 1977 compared with 1976.

While refraining from giving figures, the CBI warns that "there seems to be little prospect for a sharp reduction in unemployment although manufacturing levels may improve slightly."

Its chief worries are the effect of high interest rates on investment through 1978; the impact of the increase in Special Deposits from the banks on lending to industry in the upturn; and the liquidity restraints on companies.

Accurate

The main conclusions of its situation report are that "industrial confidence has been seriously affected by recent events; that the improvement in manufacturing activity, although slow and patchy, is continuing so far; and that the financial position of companies is by no means secure."

These points are borne out in detail by the CBI's industrial trends survey — which is regarded as one of the most authoritative and accurate guides to the state of industrial confidence and order trends.

The most dramatic change since the last quarterly survey has been the downturn in confidence.

Compared with four months ago, 18 per cent. of companies are more optimistic but 27 per cent. less so—a balance of minus 9 per cent. compared with plus 24 and then plus 31 per cent. in the last two surveys.

The swing to pessimism has been especially pronounced among larger companies.

In terms of activity, the trends remain rather better. A balance of 37 per cent. of companies report *an increase in the past four* months in the value of total new orders—the highest figure since January 1974.

But, reflecting the recent pause in worldwide growth, the balance of 34 per cent. of companies expecting an increase in the value of total new orders over the coming four months is rather weaker than the comparable forecasts in the April and July surveys.

Weaker

The same trend is seen in output, with a balance of 56 per cent. reporting an increase in output over the past four months and an even more encouraging balance of 61 per cent. forecasting an increase in the next four months—the highest figure since the survey was introduced in 1958.

Value figures may exaggerate the true growth, but the answers on volume output back them up —with a balance of 20 per cent. recording a rise in volume output over the past four months and a balance of 28 per cent. expecting a rise over the next four months, somewhat lower than the July level, but significant nonetheless.

Of the sectors showing improvement, the leader sectors remain food, drink and tobacco, chemicals, textiles and vehicles. Weaker results are reported by building materials and paper and printing.

The continuing improvement in order books and output, however, has to be set against the very low base from which the rise has started.

Significantly, the proportion *of companies reporting below*-capacity working, at 68 per cent., represents an improvement on the previous figures but is still historically high and continues to be widespread.

Lack of orders or sales remains by far the greatest constraint to production over the next four months, with nearly three-quarters of companies specifically referring to it.

Interestingly, 15 per cent. of companies itemise shortage of skilled labour as a possible constraint (over a quarter in the mechanical engineering sectors) and lack of plant capacity is mentioned by only 13 per cent.

Credit or finance is mentioned by 7 per cent. of all companies, higher than in recent surveys, and by 12 per cent. of the smallest companies.

The most optimistic replies continue to be on exports. By comparison with four months ago, 35 per cent. of concerns are more optimistic about export prospects over the next four months and 11 per cent. less so. The balance of plus 24 per cent. is slightly lower than the 28 per cent. recorded in the two previous surveys but remains high by historic standards — particularly among smaller companies and consumer goods sectors.

Figures on the value of new export orders continue close to record levels, at a 38 per cent. balance reporting a rise in the last four months and 48 per cent. predicting a rise in the next four months.

Interest

A majority of 70 per cent. of exporters predict a rise in their prices. The balance expecting price competitivenes to restrict sales has fallen from 63 per cent. a year ago to 39 per cent. in the latest survey.

The survey also suggests some optimism about investment intentions, despite recent moves in interest rates. A balance of 26 per cent. expect capital expenditure authorisations on plant and machinery and one per cent. on buildings to be greater in the next 12 months than in the past 12 months. This is the most optimistic opinion for the past three years.

The CBI, while predicting a rise of 10-15 per cent. in manufacturing investment next year, warns that the rate of recovery in expected investment authorisation has slowed very markedly in the last three months.

It is also concerned about the latest results of its 6-month liquidity questionnaire. Against a balance of 21 per cent. of companies reporting an improvement in net liquidity in October compared to a year ago, a negative majority of 13 per cent. expect a deterioration in the period April 1976 to April 1977.

This is a marked downturn in the results recorded in the survey last April and implies that the period of a widespread improvement in corporate liquidity has either ended or is coming to an end—a particularly *worrying feature* at this phase of the cycle.

The change is most pronounced among large companies, although the CBI points out that "in many instances the deterioration in liquidity will have been planned for, in the sense that it reflects a higher level of investment in fixed and working capital."

Unit costs

On the employment question, the survey suggests that there is less labour shedding than before and that employment in manufacturing industry may now be stabilising. A balance of 5 per cent. reported an increase in numbers employed over the past four months and a balance of 6 per cent. forecasts an increase over the next four—the highest figures in more than two years.

Unit costs meanwhile remain a problem, with 85 per cent of companies experiencing a rise in average costs per unit of output and a balance of 86 per cent. forecasting a rise in the next four months—the highest proportion in the last 18 months.

A balance of 65 per cent. of companies reports an increase in average prices at which domestic orders are booked and a balance of 72 per cent. expect this over the future—about the same as in recent monthly enquiries.

Drawing policy conclusions, the CBI suggests that the results make its "road to recovery" strategy document all the more relevent, particularly as far as business confidence is concerned.

It further points out the worrying signs on corporate liquidity and reaffirms its opposition to import deposits or other possible Government measures which might damage liquidity or profitability.

Details of trends

TOTAL TRADE—1,799 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last July.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	18 (38)	55 (55)	27 (7)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	26 (21)	37 (43)	25 (24)	12 (12)
(b) Plant and machinery	46 (45)	33 (35)	20 (20)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)	68 (72)	31 (27)	1 (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
11	41	16	4	3	1	2	22
(11)	(41)	(16)	(3)	(2)	(2)	(4)	(21)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Numbers employed	26 (20)	53 (45)	21 (35)	— (—)	21 (22)	64 (62)	15 (17)	— (—)
Value of total new orders	50 (56)	34 (31)	13 (16)	4 (4)	43 (51)	44 (39)	9 (6)	4 (4)
of which: (a) domestic orders	43 (44)	35 (33)	19 (19)	3 (4)	35 (44)	47 (44)	15 (9)	3 (4)
Value of output	65 (59)	26 (28)	9 (13)	— (1)	67 (63)	27 (30)	6 (7)	— (1)
Volume of output	35 (35)	49 (47)	15 (18)	— (—)	40 (43)	48 (47)	12 (10)	— (—)
Value of domestic deliveries	55 (53)	32 (32)	12 (14)	1 (1)	54 (56)	36 (35)	9 (8)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	35 (32)	47 (45)	16 (22)	2 (1)	24 (30)	59 (51)	16 (17)	2 (1)
(b) Finished goods	22 (25)	44 (43)	23 (22)	12 (10)	22 (25)	52 (50)	14 (14)	12 (11)
Average costs per unit of output	85 (84)	13 (14)	1 (1)	1 (1)	87 (82)	12 (15)	1 (2)	1 (1)
Average prices at which domestic orders are booked	68 (63)	27 (33)	3 (2)	2 (2)	73 (69)	23 (27)	1 (1)	3 (2)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
73	15	3	14	7	12	3
(75)	(18)	(3)	(13)	(4)	(10)	(5)

Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,344.

	More	Same	Less
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	35 (38)	54 (52)	11 (10)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Value of new orders received for exports	48 (53)	38 (29)	10 (15)	4 (3)	54 (48)	37 (40)	6 (9)	4 (3)
Value of export deliveries	58 (57)	32 (32)	9 (10)	1 (1)	65 (56)	30 (34)	5 (9)	1 (1)
Average prices at which export orders are booked	60 (62)	32 (32)	5 (3)	3 (2)	72 (63)	23 (32)	2 (3)	3 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
39	20	13	15	42	13
(46)	(19)	(11)	(15)	(45)	(15)

Approval given to £6m. Windscale expansion

A STUMBLING block in Britain's controversial bid to become the world's main clearing house for nuclear fuel was overcome yesterday when the planning committee of Cumbria County Council approved a scheme to extend Windscale nuclear plant.

The decision ended months of indecision surrounding moves which would make Britain the nuclear "dustbin" of the world.

British Nuclear Fuels applied to build a £6m. extension to Windscale where used fuel—mainly from atomic power stations—is processed to recover plutonium.

The 27-strong planning committee took an hour to reach its decision. Cumbria Council chairman, Mr. Peter Naylor, told the committee that the decision could influence society for centuries. He moved a resolution approving the application "subject to agreement of appropriate conditions." It was approved unanimously.

The development is seen as "a further investment of an existing *well-established productive* industry," said Mr. Naylor.

The fears of those who wanted the project stopped were recognised.

Fear was often associated with the unknown and "much of this advanced technology is unknown to us and to many of the hundreds of people who have written to us."

Mr. Naylor quoted a letter from Environment Secretary, Mr. Peter Shore, which said that Government policy was "not only to ensure that discharges of radioactivity to the environment are within the internationally-accepted safety standards, but also to do what is reasonably practicable to reduce discharges far below these levels."

Mr. Naylor said: "We know enough about this project to realise that it is of economic importance to Britain, that it is a field in which Britain is ahead and that lengthy delays may well lose us that lead"

After the meeting, Mr. Peter Mummery, general manager of the North-West area of British Nuclear Fuels, said that a detailed planning application would be made within the next few months to the district council in the Windscale area.

The plan envisaged refurbishing the existing Magnox fuel processing plant, research and development into the new system and processing oxide fuels from the new generation of fast reactors.

Mr. Edward Ackland, of the Friends of the Earth Society, which co-ordinated opposition to the plan, said: "This was an anticipated result. We shall pursue our opposition to this scheme and all its stages.

"We feel very disappointed at the way the debate has been conducted."

Exhibition centre road link ready

By Our Own Correspondent

AN EIGHT-MILE section of the M42 with access to the National Exhibition Centre, Bickenhill, Birmingham, opens next Monday.

The Solihull section of the new motorway runs beside the centre from Monkspath on the A34 Birmingham-Stratford road to Junction 4 near Coleshill on the M6 interchange with the M1. It will also link with the A41 Birmingham-Warwick and A45 Birmingham-Coventry roads.

The centre is also to have a better train services with the South of England. Some Inter-City services from Bournemouth, Southampton and Paddington will be diverted from Solihull to Coventry and then to Birmingham International, linked by bridge to the centre, before going on to New Street, Birmingham.

A decision on the go-ahead for the £33m. new Birmingham Airport terminal (at 1974 prices) to complete road, rail and air links with the centre are still awaited.

New rubber chemicals company named

BY RHYS DAVID, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries and Rhone Poulenc have chosen the name Vulnax International for their new joint concern which will take over the manufacturing and marketing activities of their existing rubber chemicals companies from January 1.

The new company, created following an approach to Rhone Poulenc by ICI last year, will be the third biggest rubber chemicals producer in the world after Monsanto and Bayer, with a turnover of about £20m. The company will be registered in Britain, but will have offices and research and technical service facilities in Manchester and Paris, as well as manufacturing plants in both countries.

The merger decision was taken in July after several years of low profitability in the highly competitive rubber chemicals business. Both companies have new products under development and believe they will be better able to bring these to the market successfully if they can take advantage of a combined sales network.

The increased scale of operations should make it easier to keep up to date with changes in rubber technology and with increasingly stringent environmental restrictions.

About 60 per cent. of the rubber chemical industry's output is used by the tyre industry to control the aging of rubber or to influence the rate at which vulcanisation — cross-linking of rubber molecules—takes place. Other industries using rubber chemicals include hose manufacture, conveyor belting, and footwear.

Under the agreement the rubber chemical production assets of both parent companies —located at Burn Hall, Huddersfield, Grangemouth, and Manchester in the U.K. and at Vitry, Elbeuf, and Lyon in France will be transferred to Vulnax.

The two parent companies have gone outside to appoint a chief executive, Mr. G. Nichols, and he will be joined by executives from the existing management of the two merged units.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Lathe to be serviced by a robot

FIRST application in the U.K. of a Unimate robot to machine tool loading will be at Bar Productions (Bromsgrove) which expects a production increase on its components most in demand of at least 12 per cent., operating at two eight-hour shifts a day.

The robot is a 2000B five-axis unit and will be used to load and unload a Wickman 140 mm. multi-spindle automatic chucking lathe which produces turned parts for the automotive and agricultural industries, some 25 per cent. of production being exported.

Delivery fom the Unimation factory in Telford is for this month.

Bar Production has achieved a planned growth in volume production of 25 per cent. annually by increasing use of automation and the decision to match the Unimate to a new Wickman machine is part of this drive towards higher productivity.

This lathe has one loading and five working spindles and has a cycle time of 12 seconds. To cope with rapid change-over, the Unimate's controller will store a large number of programs in its memory, selectable at the flick of a switch.

Periodically, components are selected for inspection and the device is instructed to take them according to a pre-set count and place them on the table of an inspection machine.

At a later stage, it is anticipated that the robot will service two or more lathes without any reduction in efficiency. It will, meanwhile, be fitted with a double gripper to minimise the unload/reload cycle on the Wickman.

The company intends to continue its capital intensive manufacturing facilities policy which allowed it to double output over a period of three years for an increase in the labour force of only 8. Whether this means the Bar Productions plant at Bromsgrove will ultimately be the most highly automated plant of its type in the country remains to be seen.

Unimation, Unit A4, Stafford Park 4, Telford, Salop. Telford 618931.

The Department of Product Engineering of the Institute for Higher Education in Limerick has installed this Maxi - Check measuring machine and a Sigmascope 500 projector to teach students the latest in production techniques and to assess the quality of their work.

The equipment, supplied by Herbert Metrology of Letchworth, Herts., has a 3-display digital read-out panel giving visual monitoring of all 3 axes, and the facility to switch between metric and inch units. A PDP8 computer is used to programme the measuring sequence and to present the output data in the required form. Hard copy can be produced on a teletype printer.

The Sigmascope Projector has been supplied with projection lenses which have magnifications from 10-100 times, again with dual metric/inch readout.

● SAFETY

Stops motor quickly

REQUIRING ELECTRICAL connection only to the motor, and very little maintenance, the Rambrake put on the market by MTE of Leigh-on-Sea, Essex SS9 5LS (0702 527111), is a compact fail-safe braking system for AC motors, able to stop a squirrel cage machine without any adverse effects in a typical time of 30 milliseconds, even in the event of a total mains failure.

The unit is for use with a separate starter. During normal conditions the brake is out of circuit and the motor is controlled by the starter, but if the appropriate switch is tripped in an emergency the braking unit disconnects the starter from the mains and injects a stored DC from a capacitor bank directly into the motor, quickly locking the rotor.

Units for single or three phase operation are available covering powers up to 5.5 hp. The largest unit measures 247 x 143 x 247mm, overall.

● AUTOMATION

Speeds the work in the stores

BIGGEST point of sale system to be ordered anywhere in the world by multiple tailoring group is a 200-plus terminal project to be carried out by NCR for Hepworths.

This is a £¾m. project and it will mean the equipping of some two-thirds of the company's 350 branches with the POS units into which are keyed all the information on goods passing over the counter without the need for paperwork by shop staff.

Cash balancing at the end of the day is much simpler and many of the standard accounting procedures will be dispensed with.

As the details of the purcahses are entered on the keyboard, a record is made on cassette tape for later processing by the computer at the Hepworths headquarters in Leeds.

The decision to place this large contract followed several months' trial during the summer with NCR 280 POS terminals in 15 of the company's branches. Staff acceptance was excellent due partly to the ease with which the equipment is "learned" and to the reduction in boring clerical work it allows.

NCR, 206 Marylebone Road, London NW1 6LY (01-723 7070).

● SECURITY

Deters the bicycle thief

AN ANTI-THEFT bicycle stand has been developed which consists of a hinged arm secured to a wall or pillar—the arm is clamped on the handlebars and padlocked.

The bicycle is held rigidly upright, and the risk of buckled wheels and damaged spokes is much reduced. The hinged arm is of 25 mm square section steel and the clamp and wall fixing plate are of 3 mm thick steel.

Called the Locrac, the unit is available in various finishes. A "maypole" version, with a central steel post, is capable of securing eight bicyles in a circle.

Details from Tosler (Components), 26 Mill Street, Bedford MK40 3HD (0234 53397).

● COMMUNICATION

Untouched by hand

IT IS one thing to have a telephone answering machine in the office but quite another to get to know what is on the tape if one is away for days at a time. Furthermore, the announcement to callers that was apposite on Monday may well not be so by Thursday.

The problem is alleviated by the C1320 machine just put on the market by Agavox. It has the normal attributes of such machines—answering the phone while one is away from the office and recording messages that callers wish to leave.

In addition, however, it has a pocket-sized tone transmitter which enables the controls of the machine to be operated from any other telephone.

One dials one's own number, the machine answers, and three buttons on the transmitter are operated to unlock the machine and its controls. It is then possible to rewind and play message tapes, backspace at will, and repeat messages that were mis-heard or not fully understood the first time. It is even possible to code in a "stop point" which is where the tape will start replaying on the next remote access.

If need be, the owner can add messages of his own—aide memoire or instructions to staff on action to take when the office re-opens. Moreover, speaking from the remote telephone the wording on the announcement tape can be changed—as often as desired. This could be very useful to someone constantly moving from one hotel to another—he can keep changing his forwarding phone number.

The machine uses standard Philips pattern cassettes; the announcement can be up to 12 minutes and the cassette for incoming messages up to 60 minutes. Rental on a three-year contract is £232 a year. More from Agavox Answering, 26 Voltaire Road, London SW4 6DJ (01-720 8981).

● PROCESSING

Tracing additives in feed

MARKER DYES, or magnetic particles carrying a dye, are two methods developed in the U.S. for tracing whether correct amounts of micro-ingredients, for example, vitamins, have been added to animal food compounds.

Carriers for the dyes are salt or sugar, and the usage rate varies from 1 to 5 parts/million (about 0.2 oz. of tracer per ton of feed).

Each ingredient that has to be checked can be labelled with a different coloured tracer, and a single simple test (in which a solvent is used to extract the dye and the resulting colour spots on a filter paper counted) can be carried out by semi-skilled staff.

The maker, Microtracer, of San Francisco, says that over 100 assays can be carried out per day, and that accuracies of ± 12 per cent. can be achieved.

The dyes and carriers used are approved by the U.S. Food and Drugs Administration, says the maker, so that it is probable this method could be used for tracing micro-ingredients in human food and pharmaceutical manufacture.

Particles of graphite and iron have also been used as carriers. With iron, the particles (about 60,000 to the gram) can be extracted from the compound with an electromagnet. The particles of iron collected are then treated with solvent, and the resulting colour spots are counted, as with the soluble carriers.

Microtracers are marketed in the U.K. by Guinness Chemical Company, 86 High Street, Hythe, Kent, CT21 5AJ (0303 68638).

● MATERIALS

Re-usable moulding compound

MOULDS THAT are required to withstand heavy weights and rough on-site handling when casting concrete, can, it is claimed, be made from a tough, non-flammable vinyl compound called Gelflex HT 130 Nat.

The material, which does not require any additives such as mould release agents or waxes, can also be used for moulding glassfibre reinforced cement, glassfibre reinforced polyesters, other synthetic casting resins, and gypsum (plaster of Paris).

When a mould is discarded it can be remelted and used to produce a new mould. To use, the Gelflex is poured over the pattern and allowed to cool and set. For large moulds, reinforcement can be incorporated.

Suggested applications include the production of detailed art forms, furniture, fittings, and interior or exterior decorations. Moulds can be taken from originals in plaster, clay, timber or metal.

Details from Proplastics, 74 Sandymount Avenue, Bognor Regis, Sussex PO22 9EP (02433 29514).

Can for high pressure beers

SOME HIGHLY carbonated beers, particularly lagers and export ales cannot be packed in "party cans" (four and five pints) as the internal pressure, especially during pasteurisation, causes deformation (peaking) of the can ends.

Developed by Metal Box's research department, a new tinplate can end overcomes the problems by incorporating a shallow dome instead of the conventional flat panel. The new end is stated to be able to withstand 75 psi compared with the maximum for a flat end of 40 psi

Thickness of tinplate is the same as that used for flat top cans, so there should be no difficulty in opening the can. The dome end can be handled on existing closing equipment, with slightly modified feeding.

Metal Box estimates that if the lager market in the U.K. follows the same pattern as for beer, then over 4m. gallons could be packed in four and five pint cans within the next few years. Details from the company at Forbury Road, Reading RG1 3JH (0734 581177).

● HEATING

Dual fuel boilers

LATEST ADDITION to the steam and hot water plant produced by Elfa Boilers, 1 Queens Road, Oldham, Lancs. (061652 8437), is the Elite range of horizontal steam boilers, based on the flame reversal principle. The range covers steam generation from 1980 to 5940 lb/hr, and boilers can be supplied with oil, gas or dual fuel burners.

Elite boilers are of the three-pass, wet backed type where two passes are made in the furnace tube and the final pass is in a horizontal bank of small bore smoke tubes.

They are said to combine high efficiency with ease of maintenance, and the complete front end hinges open for access to the burner nozzles, furnace tubes and smoke tubes. The boilers are packaged units, and are supplied with complete instrumentation and feed water pump.

● RESEARCH

Model tells all about gear noise

A MATHEMATICAL model of a complete car gearbox developed in the Wolfson Cambridge Industrial Unit by Dr. J. D. Smith, can give a close approximation of the noise spectrum from a real gearbox.

The importance of this for industry in general is that it allows any designer to experiment with the parameters at his disposal to see how they affect the tooth loads and thus the noise produced.

It is possible to introduce into the model—operating in real time on a home-built analogue computer—manufacturing errors of various classes. This contrasts with experimental manufacture of gears where errors are a mixture of eccentricity, adjacent pitch, etc.

The model will immediately show what are the effects of different types and different amounts of gear error.

Engineers involved in the complex work of gearing design should get further details of this work from D. B. Welbourn, director in industrial co-operation, Wolfson Cambridge Industrial Unit, University of Cambridge, 20, Trumpington Street, Cambridge CB2 1QA. 0223 64568.

A one-day course on gear noise is being held in the engineering department at Cambridge University on December 7.

● POLLUTION

Shipboard sewage treatment

TWO DESIGNS of U.S. Coast Guard Label certified shipboard sewage treatment plant are being marketed in the U.K. by Marine Ventures, 1 Maddox Street, London W1R 9WA (01-439 9587).

The Coast Guard certification means the plant meets the new stringent effluent requirements for vessels operating in U.S. waters.

Known as the MTT 3 and 4, both units operate automatically on a simple mechanical/chemical function to process waste water flows of up to 11,400 litres/day. If sewage only this equates to coping with a vessel complement in excess of 160 persons.

The MTT-3 is a skid-mounted, ready-to-operate unit for use in new or existing vessels with no form of sewage retention or treatment, while the MTT-4 is for converting existing or customer-provided holding tanks to flow-through overboard discharge.

Marine Ventures is a distributor for Marland Environmental Inc., and is planning to manufacture the systems under licence in the U.K. to serve the home and European markets.

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The Management Page

Elinor Goodman explains how a U.K. group rationalised an American store chain.

Cavenham's U.S. shopping spree

THREE YEARS after entering the American market, Cavenham has moved into the second stage of its transatlantic expansion plans. It is looking for a second supermarket chain to buy which would treble the size of its existing American retailing business and take it outside its present geographical sphere of operations in the competitive eastern States.

The company, which bought Grand Union, the ninth largest supermarket group in the United States, in 1973, has already had preliminary discussions with a number of groups, including the Texan based Kimble company which was last month sold to Winn-Dixie. Ideally, Cavenham wants to find a company with sales of about $500m. a year in about 100 stores. It is particularly interested in expanding into the South—either into Texas or the Carolinas and Tennessee which divide its existing business base in the north east from its Florida operations and seems prepared to spend up to $50m.

Not without problems

Until this year the emphasis has been on reorganising Grand Union—an operation which has not been without its problems and has forced the British management to have rather more respect for their American competitors than they had when eyeing the U.S. market from the other side of the Atlantic.

When Cavenham bought 51 per cent. of Grand Union for $62m., the company had a turnover of $1.5bn. Profits were on the downward slope and did not compare well with the industry average—let alone the leading groups like Safeway and Winn-Dixie. Rather like the Allied Suppliers group, which Cavenham had bought in England, investment in the supermarkets had lagged behind the rest of the industry and the company, which once had been very successful, lacked strong management.

Both management time and money had been concentrated on diversification rather than on the supermarket business which, at the time of Cavenham's bid, accounted for 90 per cent. of turnover and 100 per cent. of the company's declining profits. The diversification did not work out. The chain of Grand Way departmental discount stores had never made a meaningful profit, while the chain of catalogue stores which were also grafted on to the supermarket business and were similar in type to those run in this country by Green Shield, were equally unsuccessful.

The other main problem areas were a chain of 39 neighbourhood stores, trading under the name E-Z, and an in-house trading stamp company, Triple S. A lesser problem, at least in comparison with the complex trading stamp operation, was the existence of a leased jewellery operation.

As well as these trading problems, there was also the question of a loan invested in undated preferred utility stock which had lost its value in the share market.

From Cavenham's point of view, Grand Union had certain attractions. Cavenham had already held unsuccessful talks with three other American companies and was anxious to move into what it saw as the potentially rewarding U.S. market. Grand Union had the advantage of operating in a field of business of which Cavenham already had experience in England and was trading below its peak earnings. Moreover, like Allied Suppliers, Grand Union had a basically good—if somewhat tarnished — reputation with shoppers in its 565 supermarkets.

To get its original 51 per cent. stake in Grand Union, however, Cavenham had to pay almost double the recent share price. At the $19 a share paid by Cavenham, the price was only $4 short of book value.

Trading stamp bloodsucker

Cavenham's idea was to get rid of all the peripheral activities and concentrate on the supermarket business. In view of the new *management—headed by* Mr. Jim Woods, the chairman of Allied Suppliers—the trading stamp company seemed to be the bloodsucker of the supermarkets. The old management had been reluctant to close it, not only because of the heavy costs involved in running down any stamp operations, but because it was profitable on paper and had a negative capital employed of $10m. The problem was, however, that all its profits were coming from the supermarket business and the supermarkets were losing out to the competition as a result of using a burned-out promotional weapon.

A phased withdrawal of stamps was therefore begun in October 1974. The warehouse facilities and 65 redemption centres were gradually run down and finally closed in January of this year. Pulling out of stamps cost $8m. together with the cost of the additional advertising to compensate for the removal of trading stamps. In an attempt to maintain volume, gross margins were also cut by around 1.5 per cent. Mr. Woods admits that in his attempt to maintain sales, the company may have been guilty of over-kill both in its advertising and in price cuts in some areas like New York where gross margins were reduced by 2 per cent.

A further $10m. was written off for the closure of 19 catalogue showrooms and 10 Grand Way department stores. The remaining nucleus of each chain was merged to become one division. Woods says the division now makes a profit but he would sell it at the "right" price.

Using much the same approach as it did when it bought Allied Suppliers in England, Cavenham also accelerated the rate of store closures among the Grand Union supermarkets. Around 80 unprofitable or marginal shops were closed during the period of re-organisation as against the 20 or so shut each year under the old management. The leased jewellery operation was also closed and the remaining neighbourhood stores were sold. At the same time, it was decided to liquidate the portfolio of preferred stock investments. Because of the depressed state of the stock market, this meant taking a loss of $6.5m. on the investment.

All this took its toll on profits, while sales growth has lagged behind inflation as a result of store closures. Sales have increased from $1.3bn. in 1973 to $1.6bn. in the year to April 3, 1976, while net profits are still below the 1971/72 level of $13m. But at $11.68m., earnings have recovered substantially from the low of $2.3m. in 1973/74 when there were write-offs of exceptional items of almost $11m. Exceptional items, at $8.1m., again ate into profits in the year to April 3, 1976, but profits from the shops were higher. Interest charges are equivalent to about 15 per cent. of pre-tax profits though these are also certain interest receipts. The net margin on sales has recovered from only 0.15 per cent. in 1973/74 to 0.73 per cent.—three quarters of its 1971/72 level.

Work still to be done

Earlier this year Cavenham increased its stake in Grand Union to 82 per cent. as a result of a debenture exchange issue in January. In America this was seen largely as a move to save tax—the 80 per cent. share means Cavenham can offset a larger part of its interest costs with Grand Union's taxable earnings—but Wood maintains, despite the scepticism of some American pundits, that the move also reflected Cavenham's satisfaction with Grand Union's performance. It is now, he says the most profitable major investment in the portfolio and has "exceeded all expectations." Even so, he admits there is still work to be done. The supermarkets are still not achieving the sales per square foot of the industry leaders though the net post tax income of 0.73 per cent. made last year was not far behind the industry average 0.88 per cent. About $150m. is to be spent over the next five years building new stores and renovating old ones.

Woods admits, however, that he has had to revise some of his ideas about the American supermarket business. Before running a business in the U.S., he says, he had always tended to dismiss the descriptions of America as a land of experts as "corn." He found, however, that there was rather more truth in this reputation than he expected. Some things which he thought would be easy, turned out not to be so. The competiton was too strong. Even so he maintains that he would not make any fundamental changes in his strategy if he were to relive the re-organisation.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Entitlement to interest

Two of us started a company to which we lent £7,000 on the understanding that interest would be paid to us at current overdraft rates. About a year later the other director resigned and a newcomer, with 52 per cent. of the shares, came in. I myself have now resigned and there is a dispute as to this interest, to which there is no reference in the minutes. Is it not the case that any creditor is entitled to interest?

The normal inference in respect of commercial transactions is that loans carry interest. This is readily accepted in the case of mortgages: thus if your loan was secured by debenture, interest will be payable unless it is expressly stated otherwise. We think the courts would award interest even on unsecured loans in the absence of factors indicating that the loans were to be rent free. In this context the treatment of the loans in the company's accounts may well be conclusive.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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PENSIONS and BENEFITS

Protection for the sick

BY ERIC SHORT

THE DEVELOPMENT in recent years of good pension schemes providing generous family benefits if an employee dies in service still leaves the problem of what happens if he is taken seriously ill or meets with a bad accident which makes him permanently incapacitated or forces him to take a lighter job.

The State National Insurance scheme still only pays him an invalidity benefit if sickness goes beyond six months. Under new rates to be introduced later this month a married man with two children, for example, would receive £37.90 a week, irrespective of what he was earning prior to the illness or accident.

This cannot, however, in any sense be regarded as bridging the financial gap and the current trend in enlarging the social responsibilities of companies towards employees indicates that the employer should top up the State benefits when an employee falls sick. The problem is how to do this.

Solution

The most satisfactory solution is for the employer to set up a fully fledged permanent health scheme on similar lines to a pension scheme. Alternatively, the employer could keep the employee on the payroll at a reduced salary. But this could be a financial burden for the smaller company—a burden which a permanent health scheme would lift. Such a scheme is also superior to paying an early retirement pension from the company's pension scheme, since this often results in a smaller amount of money being paid out, especially if the employee is young. Valuable death in service cover is also lost.

A permanent health scheme, providing for the payment of an income to members in the event of long-term illness, commences at a specific time after the onset of the illness or accident—usually six months—and continues until the employee is fully recovered, dies or reaches pension age. The level of benefit is fixed in relation to the employee's salary prior to sickness but is a matter for negotiation. A common level is one half of salary without deduction for State benefits.

The permanent health scheme then dovetails in long term with the company pension scheme and its benefits usually include the payment of the employee's contribution to the pension scheme so that he remains a member. This enables him to retire on full pension if he survives to normal pension age or more important, if he does not survive, then his dependants will receive the death in service benefits.

> Employers are paying increasing attention to sick pay schemes which can escape the current limits of the pay policy

A permanent health scheme takes up sick payments from short-term provisions operated by companies, usually after six months. It should be emphasised that short-term sickness payments require different arrangements from those of a permanent health scheme because different principles are involved. Many employers are prepared to pay full salary, less State benefits, to staff who are sick for a certain period. For an indefinite period, however, the employer can leave a permanent health scheme to take over.

Employer pays

Almost invariably these schemes are non-contributory, with the employer paying the whole of the cost of the scheme. Consultants suggest that employees should still contribute towards their pension but the rest of the benefit package is the responsibility of the employer. This goes down well in consultants' sales talk, but the overriding factor is that only employees' contributions towards pension are allowed for tax deduction by the Revenue.

But a permanent health scheme does not just cover those cases where the individual cannot do any sort of work. It also provides benefit when the employee cannot follow his normal occupation. But if the employee can ultimately take up some sort of work, the benefit will be scaled down to take account of what he earns. Thus the provision of a permanent health scheme will deal with the social problem of ensuring that the employee can do some form of work without financial penalty.

Employers usually arrange these schemes through a life company, although some include full disability cover in their main pension scheme. The reason for going through a life company is that it is geared to provide the specialist and sometimes tactful handling which such claims require. Sickness claims have to be closely monitored because they are open to abuse by malingerers. Whoever is dealing with the claim has to insist on his own doctor examining the employee if necessary and reserve the right to withhold benefit. This could cause industrial problems if the employer's doctor handled this problem.

Feature

One particular feature of these schemes is the method of paying benefits. If the insurance company paid them direct to the employee, as with pensions, the Inland Revenue would tax the benefits as unearned income after one year. However, if the insurance company pays the employer who then pays the employee, the Revenue treats the payments as earned income.

Employers may, however, feel that they have enough on their plate dealing with their pensions problem without going in to sickness schemes. The provision, however, of sickness benefits is just as important and there is no reason why employers and employees should not start negotiating for a scheme now. The provision of a sick pay scheme is classified as enhancing job security and as such is considered to be exempt from the present pay policy restrictions which makes them of growing interest for employers.

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Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 37 George Street 031-226 4139; 031-226 4120 (editorial)
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.58.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 210039
Frankfurt: Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 512-9037
Rome: Via della Mercede 55 .... 678 3314
Stockholm: Raalambsvägen 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Jo'burg: 637 Union Centre East corner Pritchard and Harrison Streets. P.O. Box 2128
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920

WEDNESDAY, NOVEMBER 3, 1976

Liquidity and investment

THE QUARTERLY surveys of industrial trends published by the Confederation of British Industry have for some time been more optimistic in certain respects than official statistics alone would justify. This is not altogether surprising, since some of the official statistics involved—notably the index of industrial production—are not altogether reliable, while some answers to the CBI questionnaire are probably affected by a confusion between changes in value and changes in volume. The latest survey, taken in mid-October, shows a marked drop in the general confidence of businessmen about the outlook combined with reasonably encouraging answers to particular questions.

Below-capacity working, for example, is still widespread but *has fallen quite considerably* since the turn of the year: the improvement is concentrated among producers of consumer goods and the smaller firms. In line with this, there appears to have been a small increase in numbers employed and another small increase is expected over the next four months. But the employment figures are probably too small to be significant, and although 15 per cent. of firms (27 per cent. in mechanical engineering and textiles) suggest that shortages of skilled labour may be a constraint on the growth of output, only 3 per cent. refer in this context to a shortage of unskilled labour.

Value v. volume

Very high balances of firms report higher output, both actual and prospective, and there is a reasonably large balance of firms reporting an increase in orders over the past four months — much more marked on the export than the domestic front. On the other hand, all these figures may be affected by a confusion between value and volume, and the balance of firms expecting an increase in orders during the period immediately ahead is rather lower than in previous surveys this year. There is, in fact, a question about the volume of output; the balance of firms reporting an increase, though high enough to conflict with the official production figures, is much smaller than those simply reporting an increase in output, and the balance of firms expecting a further increase in the months ahead is somewhat lower than before.

A similar ambiguity about value and volume affects the relatively high balance reporting an increase in stocks of raw materials, though stocks of *neither* raw materials nor finished goods are expected to change much over the next four months. Shortage of orders is still much the biggest factor thought likely to limit the growth of output. So far as exports are concerned, a high balance reports increased orders and output, while the balance expecting increased orders over the next four months is almost a record. The proportion of firms expecting exports to be limited by relative prices is continuing to fall, and the CBI concludes that the balance of payments is likely to improve.

Credit squeeze

One comes back, however, to the contrast between the sharp drop in general confidence and the encouraging replies to most particular questions. This may well have something to do with the fact that, although most firms replied after the raising of MLR to 15 per cent. and the call for special deposits, many will not have taken the possible effects into account in their particular answers: for example, the balance expecting to authorise more capital investment in machinery is scarcely changed. This may be why the CBI makes such a point about the movement of corporate liquidity, about which it questions member firms each six months. It is true that the balance has moved sharply from an expected increase to an expected drop in liquidity, but past forecasts have been over-pessimistic in this respect and the question asked refers to liquidity *after* any increases in fixed and working capital. The CBI may well be concerned not so much about the implications of its own figures but about those of tight and dear credit, if the present situation persists for long.

Not just a matter for the Germans

THE QUESTION of the foreign exchange costs of the British Army of the Rhine is bedevilled with emotion — as Mr. Callaghan showed in his television interview last week. Mr. Callaghan feels that the Germans are rich and ought to pay up: otherwise, he threatened, part of the British presence may have to be withdrawn. The Germans believe that direct payments smack too much of occupation costs and anyway that Mr. Callaghan's threat is not credible: BAOR exists not merely to protect West German interests, but is part of the front line of the Atlantic Alliance.

Commitments

Both sides have a case. British defence spending in terms of the percentage of its GNP is still high compared to that of its main Nato allies. On the other hand, successive cuts over the years have meant that any further savings would almost certainly directly affect the Nato commitment. They would have to come in one of two areas: either in the Channel and eastern Atlantic, where the role is to protect the supply routes between North America and Europe, or in Germany. Both of these areas are vital to the Alliance as a whole.

Yet if the British economy continues to grow more slowly than that of its main European allies, it is clear that the defence burden will appear correspondingly greater. There is a danger indeed that Britain is seeking to maintain commitments which may be beyond its ability, and there may come a time when political or economic factors, or both, make the pressure for unilateral cuts irresistible.

It is this kind of situation which the British Government ought to be trying to avoid. But bilateral negotiations with the Germans on offsetting the foreign exchange costs of BAOR are not the best way to do it. The maintenance of the British contribution to Nato is a matter for the whole Alliance, and it is in the Nato Council and in the Eurogroup that it ought to be discussed.

The Eurogroup in particular is a natural forum. It was founded when Mr. Healey was Defence Secretary specifically to discuss burden-sharing, though at that time between the European allies and the U.S. It is now a question of a more equitable distribution between Britain and the other European members—of a shift in the burden of military expenditure to match the shift in economic power that has already taken place. This is a perfectly legitimate question for Britain to raise since the relative British economic decline is indisputable, and raising it in this forum would be a sign that Britain was giving thought to the long-term consequences for Nato.

Necessity

Of course, it would involve some change in attitudes on the British side—a greater readiness to concede that the leadership of the European end of the Alliance has passed from London to Bonn and to grant the Germans more of the high level commands. But the signs are that this will have to happen anyway as Britain staggers from one defence review to the next, perhaps still avoiding dramatic cuts but spreading its resources ever thinner. It is therefore better to make a virtue of necessity and raise the whole question of the future of European defence now rather than waiting to be compelled by events. The alternative—the way chosen by Mr. Callaghan—of publicly threatening the Germans may or may not raise a few hundred million pounds in the short-term, but is bound to damage Anglo-German relations and the Alliance.

From New York **Stewart Fleming** outlines U.S. practice and doubts on a market London is discussing

The American way with share options

ACCORDING to testimony given in the aftermath of Wall Street's Great Crash in 1929, almost all the worst cases of stock manipulation in the course of that crisis involved stock options at some point.

This is one reason why the U.S. Securities and Exchange Commission which is charged with supervising the several burgeoning options markets there has referred to options as "dangerous instrumentalities."

As members of the U.K. Stock Exchange prepare to vote on whether to set up a market in traded options in London, the U.S. experience in regulating option markets becomes especially relevant.

In the wake of the Wall Street crash U.S. legislators came close to outlawing share options in the 1934 securities legislation which, among other things, *established the SEC as the* investors' watchdog and guardian.

When it finally reached the Statute book this fierce opposition to options had been tempered. Share options were not banned, instead the SEC was given the responsibility of monitoring transactions.

For many years this did not prove too onerous a duty. Until 1973 when the Chicago Board Options Exchange (CBOE) opened for business as the first real options market, the only share options traded were on the over the counter (OTC) market. Since each option was a unique contract volume was *insignificant and there was virtually* no secondary trading.

The Chicago Board Options Exchange, however, presented a different regulatory problem: for it was designed to be a mass market in which options once created could be traded in a secondary market among investors.

Its rules and regulations and modes of operation were determined in detailed discussions with the SEC which has overall supervisory authority and gave the CBOE approval for a pilot scheme. Even though the CBOE now trades some 15m. options contracts of 100 shares a contract each year involving revenues of around $7bn., Chicago and the other U.S. options markets are still in theory pilot *operations.*

Anxieties about the impact of options trading on the underlying stocks, especially in narrow markets, has been expressed by four leading U.S. companies including American Express. The companies have written to the SEC asking the commission to be wary of allowing options markets in over the counter stocks (stocks not quoted on the leading stock exchange *floors*).

The Pacific Stock Exchange and the Chicago Board Options Exchange are currently seeking permission to open dealings in OTC shares and the National Association of Securities Dealers has been given preliminary approval to move towards establishing an options market in *ITC securities. One of the fears* the companies express is of "trading abuses."

The SEC's *regulatory* philosophy and the structure of its controls bears close analysis by institutions seeking to set up options markets in other parts of the world if only because of the organisation's *unparalleled experience* in protecting investors at times from themselves.

Because options in shares cut across the whole field of securities regulations various of the institution's departments may from time to time become involved in aspects of supervising the markets full time. *However the SEC has only a* handful of staff committed to the sector.

The astonishing growth of options trading since 1973—Chicago, the American Stock Exchange, the Philadelphia Stock Exchange, and the Pacific Stock Exchange all now have options markets—seems to suggest that the SEC has taken a positive attitude towards this new form of investment. The growth has also taken place against a background of disenchantment with ordinary share dealing by private investors.

Speculative business

The SEC's *positive stance no* doubt reflects a fundamental judgment that options can have a true "economic justification" in terms, for example, of allowing some investors to hedge and shift risks. There are those who deny this of course. Having, however, accepted that options trading need not be mere *gambling, the organisation has* also been realistic enough to recognise that options markets can be turned into gambling casinos if not properly regulated.

Hence there has been a conscious effort to try to eliminate as much purely speculative business as is possible and reasonable, although it is probably impossible to eliminate all such undesirable trading.

Before going into these details, it needs to be appreciated that the controls are *two-tiered.* The options markets themselves are the basic regulatory bodies with their own rules and checks of detailed market behaviour. Thus in June it was the Business Conduct Committee of the Chicago Board Options Exchange which voted six charges alleging market manipulation against exchange members after its own inquiries. The American Stock Exchange too had through its own computerised *information systems* previously tracked down market irregularities and investigated them.

The Chicago Board Options Exchange celebrating its first anniversary on April 26, 1974. Now it is 2½ years old, but still a pilot operation.

Had the exchanges not conducted these inquiries there was always the danger that the SEC would, and there were suggestions at the time that it was pursuing parallel investigations.

The SEC's position as the supervisory and dominant tier of regulation in options markets is based on its statutory powers. *The philosophy behind it is probably* in part founded on the belief that at times the markets cannot be entirely trusted to regulate themselves, a philosophy which is not shared in London, for example.

Few would dispute that it is in the long-term interests of any market place to protect members and also non-members. A manifestly crooked market will quickly lose reputable *customers. But there is a belief* in the U.S. that without independent regulations to watch the market's self-regulatory judgments it may tend in marginal cases to lean too strongly towards protecting its members and will lack the zeal to pursue offenders, if only because of the damage to its public image of uncovering too many scandals.

The charge of lack of zeal is, in America, even being made now against the independent SEC which it is suggested is too *willing to settle for consent* decrees under which an offender agrees not to do it again without admitting guilt.

It is admitted frankly in the SEC that vigorous regulation does often reduce prospective profits of market members, but this, it is argued, is necessary to protect non-members of the market (and perhaps protect the market from itself).

These general considerations *of market regulation apply all* the more strongly to options trading because of the "danger" specific to them. The danger is founded in the market power an option can give an investor for a comparatively small capital outlay in relation to the much greater capital outlay required to purchase similar market power by buying shares.

It is not uncommon for example for an investor who expects a share price to go up *to pay for the prospect of gain* only one-tenth of what an outright purchase of shares would cost. In this leverage or gearing lies the danger; for it carries with it greater opportunities for manipulation of share prices for profit as was seen in the Wall Street Crash.

It is the attempt to limit opportunities for manipulation and for gambling that lies behind some of the detailed *rules which the SEC has* required of options markets before giving them pilot operation clearance.

There are rules for example which strictly limit the corporations whose shares can be traded. Thus only companies with stable earnings records and continuity of management can have options in their shares traded. There must be at least 10m. Ordinary shares outstand*ing and 8m. of these must be* outside the hands of insiders or long-term holders who are unlikely to trade. There must be a minimum volume of trading in the underlying stock of 1m. shares a year. The shares must not have a value of under $10. There is also a constraint which prevents options being traded when they are "deep out of the money" and thus unlikely to be profitable: when the option is *worth only 50 cents and the* stock is trading $5 or more below the striking price these rules come into effect. The object is to stop highly speculative gambling in "penny" options.

These controls on the quality of the market are matched by controls on traders and investors. Thus, singly or in concert, no investor can hold more than 1,000 contracts in options in one company. (Admittedly this is a restraint which is hard to monitor in a society where investors can *achieve anonymity.* But breaches of securities laws can carry criminal penalties so there is a very real fear inhibiting malpractice which is lacking say in the U.K.)

Other restrictions govern methods of dealing. Thus a Chicago floor broker for example cannot deal for himself but only as an agent for his customers (except when specifically requested to by market regulators because of technical factors in the market). Specialists (the nearest equivalent of jobbers on U.S. stock exchanges) are not allowed to be specialists in options in the *same stocks* because of the advantage they have in terms of instantaneous access to information.

It is significant in this context that while three U.S. stock exchanges do have options markets, the largest and most important U.S. market, the New York Stock Exchange, does not even though it is almost entirely New York Stock Exchange listed shares that the other markets trade. There are undoubtedly strong reservations in official circles about whether, and on what terms, the New York Stock Exchange should be allowed to trade options and whether it should be allowed to trade options in its own listed securities.

As one informed observer pointed out, if the NYSE were to apply to the SEC for permission to open an options market *in its own listed securities,* special significance as the market in which prices of the underlying shares are really determined would bring an application under particularly stringent scrutiny by the SEC. Any proposal to let specialists on the NYSE become specialists in the options market in the same stocks, as the London Exchange is apparently proposing for equivalent jobbers, would probably meet with even deeper reservations.

The market-making specialists' advantage of immediate access to trading information and perhaps unique ability to arbitrage between the two markets in the underlying stock and options would provoke strong and well-founded opposition to such a development. This would be the case even in New York where there is a continuous running ticker providing instant information on the prices and volume of trades on the exchange in an effort to keep investors equally informed.

Any rules the London Exchange proposes for options trading will have to take special account of the unique and influential role of the London *jobbing community in setting* the prices of the underlying stocks and what some observers believe to be the erosion of competition among them as the number of jobbing firms has declined.

This summary by no means exhausts the regulatory framework and does not for example deal with the rules of the [illegible] regulatory options regulators operating under SEC supervision. They underline, however, the serious concern in the U.S. about the potential dangers *of options trading,* dangers which are seen to be much [illegible] threatening than for trading [illegible] Ordinary shares.

MEN AND MATTERS

The new questions at Lonrho

Few announcements can have raised so many more questions than they answered than that which disclosed the resignation of Sheikh Nasser Sabah Al-Ahmed *with that of a close colleague,* from the Board of Lonrho in which he controls a 22.9 per cent. share stake. It is so unusual for a director with such a large holding to pull out with no apparent *replacement to represent his* interest that close observers wondered yesterday whether *there were further* complications beyond the expressed desire of Sheikh Nasser, son-in-law of the Ruler of Kuwait, to give up his Lonrho Board role through preoccupations "closer to home."

But then Lonrho, the big mining and industrial group run by the dominant "Tiny" Row*land—and the subject both of* Edward Heath's remark in 1973 about the "unacceptable face of capitalism" and of this year's highly critical Department of Trade Inspectors' report—is no ordinary company.

The group, with ambitions to expand in the Middle East which have as yet been hardly realised, despite its big Kenana sugar project under way in the Sudan, was welcoming cash for *expansion two years ago, just* when oil-rich Kuwaitis were enlarging their investments. *With the way pioneered by his* close Sudanese associate, Dr. Khalil Osman Mahmoud, who has also left the Lonrho Board, Nasser has built up a stake in Lonrho which looks ultimately to have cost his family interests up to £38m., about double the holding's present market value.

The situation is not without aspects which might make Sheikh Nasser, still in his twenties, somewhat disenchanted with a non-executive director's role in Lonrho at long geographical range, whatever his view of the investment itself. Lonrho has been stressing that there is no question *of a sale of the Kuwaiti holding,* and this seems supported by the fact that Sheikh Nasser has just taken up his share of Lonrho's £7.6m. rights issue.

Yet the holding itself has been something less than a financial bonanza to date. In a £26½m. deal, Sheikh Nasser's own company, Gulf Fisheries, *bought* 14.6m. shares in December from other Kuwaiti interests with which he was associated at 180p each (equal to 150p a share after the recent scrip issue). Gulf also earlier this year took over 9.65m. *Lonrho shares, with a then market* value of £12m., or 129p each (108p adjusted) from another Middle Easterner, Mohammed Al-Fayed, of Dubai. With Lonrho's price 3p down at 51p last night, it is scarcely surprising that a remaining option to buy a substantial block of further shares at 150p has *not been exercised.*

Having an influence on management at a Board like Lonrho's has not been known as easy for non-executive directors, as Sir Basil Smallpeice and others who left in *the 1973 Boardroom fracas discovered.* And Rowland emerges from the recent Department of *Trade Inspectors' report* as prone to be secretive with other directors—even though he would scarcely regard such an important figure as the Sheikh as a "Christmas tree decoration"—Rowland's view, according to the DoT inspectors, of others outside the main decision-makers.

A further aspect of the background which may not entirely please the Middle East investors *is the investigation into Lonrho* being carried out following the DoT report by the Director of Public Prosecutions and the police, quite usual though this is in such cases. The signs are, though, that the Kuwaitis plan to sit the matter out in the *hopes of a better turn in events.* As to Khalil Osman, a familiar and voluble figure at recent Lonrho yearly meetings, he may also now have less influence than at one time in his home country, the Sudan, where Lonrho has its big sugar venture.

Gillett at sea

Sir Lindsay Ring, now in his last few days as Lord Mayor of London, has enjoyed during his term ferreting out the more obscure privileges of office. Some of these related to his *being Admiral of the Port of* London, a position bestowed by a monarch long ago as part of the interminable bargains whereby the City yielded up money to the Crown.

It looks as though the admiral *should be able to insist on a* hospitable reception aboard any vessel coming into the port. No doubt Ring's successor will give the matter further study, seeing that Sir Robin Gillett has a distinct passion for things nautical. As he announced yesterday, the theme of his traditional procession on *November 13 will be "The City* and the Sea," Gillett having spent just about 17 years with *one and then the other.*

The son of a former Lord Mayor, he was born on a Lord Mayor's Day and went to sea at the age of 17. He rose to become a staff commander with Canadian Pacific Line, second in charge on cruise and passenger liners. Then it was into insurance in London and these days he is a director of Wigham Poland Limited.

Gillett is a warden of the *Master Mariners Company,* and he declared yesterday: "We live on an island. I don't want people to forget that everything we import and export travels across that wet stuff." So his procession will feature plenty of sea-related topics, including *a dour-looking Nelson and gun* crew (one of Gillett's ancestors served with the real Nelson).

One bright point about this year's procession is that it will coincide with a pageant on the Thames. Away from the dreamy pomp, the City of London is the port health authority for 90 miles of the Thames down*stream from Teddington lock,* even in these days of decline, an important contribution to the nation's health which "rarely gets the attention it deserves," in the words of Allan Davis, health committee *chairman. And though Gillett* was banging the drum for shipping, the City's health responsibilities extend oddly enough to Heathrow Airport. Someone else was found to do the job when the capital's second airport on the Sussex border at Gatwick was developed.

Finally, what has a 22-year-old ballet dancer to do with the sea? Not much apparently, but Yasmin Hassan, from a City Turkish restaurant, will be in the procession too, even if Gillett looked a trifle alarmed as she gyrated up to him among other *procession* participants introduced yesterday.

Looking for winners

Don't worry, Poseidon's demise has not meant that things have *changed too much* around Australia's stock exchanges. A news agency report from *Sydney yesterday declared:* "The market closed higher led by a recovery in uraniums, but trading slowed towards the close as the Melbourne Cup horse race was run, dealers said."

Observer

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هكذا من الأصل

Tories in shouting distance of victory

ARELY MAY the fate of a [go]vernment be influenced by [th]e outcome of a by-election. [O]f the three seats Labour is [d]efending to-morrow, Mr. John [S]tonehouse's former constitu[e]ncy at Walsall North is second [in] order of vulnerability. If [tw]o of the three were to be [lo]st, the Government's overall [m]ajority would have gone. That [n]eed not lead to a general [el]ection, but it would greatly [co]mplicate the Government's [ta]sk of getting its legislation [th]rough Commons committees.

From a distance Labour might [lo]ok safe enough at Walsall [N]orth. It is the tenth safest [L]abour seat of the 35 which the [p]arty currently holds in the [W]est Midlands. A swing of 19½ [p]er cent. from Labour and to [th]e Conservatives since October, [1]974, is needed for the Con[s]ervatives to win. That is about [h]alf as much again as they need[ed at] Workington, and also about [h]alf as much again as they [m]anaged to register at the [T]hurrock and Rotherham by[-e]lections in the summer.

But, locally, there is the [s]cent of a possible surprise. The [W]alsall bookies have been quot[in]g the Conservatives at odds [o]n. For several days the party [p]rofessionals streaming into [W]alsall North have all been [p]rivately saying that the result [w]ould be very tight, almost too [c]lose to call. Yesterday, the [B]irmingham Evening Mail pub[li]shed the results of a Marplan [p]oll which predicted a small [T]ory majority. Coming at so [la]te a stage, the prediction is [li]kely to persuade some of [L]abour's many waverers to turn [o]ut.

There are several reasons why [th]e Walsall North result—which [is] expected around midnight [to]-morrow—could be excep[ti]onal. The most obvious is what one might call the "Stonehouse legacy." All the major candidates have run up against a marked degree of cynicism about politicians and the political system. Mr. David Winnick, the 43-year-old Labour candidate, a left-winger who was MP for Croydon South in 1966-70, has been conducting a low-key, almost colourless campaign in sharp contrast to the manner and life-style of his predecessor. He makes a point of emphasising his intention to live in the constituency and to be a full-time MP without business or other financial interests. But the disillusionment is on the doorstep and in the streets, especially in that half of the present constituency which was represented by Mr. Stonehouse as MP for Wednesbury for 17 years before 1974.

The segment of the Black Country lying towards the edge of the Midlands industrial belt is unusual in one possibly important respect. The last census records an exceptionally high proportion of skilled and semi-skilled (about 80 per cent.) and a low proportion of unskilled and white-collar workers. There are a few big employers—Josiah Parkes (locks), J. A. Crabtree (motor control gear and circuit breakers) and, over the border in Darleston, Rubery Owen, GKN, and Wilkins and Mitchell. Besides, there are scores of smaller factories, mostly bashing metal in one form or another, very often working as sub-contractors to the motor industry.

Normally, this would be natural Labour country. Almost two-thirds of the voters live in council housing. Unemployment is fractionally below the national and West Midlands average. Mr. Winnick talks about the Government's aids to industrial investment, job creation schemes, and its direct help to the motor industry. But the response canvassers have been receiving on the doorstep shows that many of Walsall North's skilled and semi-skilled workers feel unfairly squeezed by the lowering of the tax thresholds and by the impact of the Government-TUC pay policy on their differentials. There are complaints about the increase last month of council rents and the local rate call, and about social security fiddling and scrounging which life-time Labour voters say they see going on around them.

In short, the Stonehouse legacy and the squeeze on the higher-paid skilled and semi-skilled industrial worker appear to have bred an even greater degree of apathy among Labour voters in Walsall than seems to be the case generally. The local Labour Party machine may be the best in the constituency, but that does not say much. Since Mr. Robert Chamberlain, Labour's chief regional agent for the West Midlands who is acting as Mr. Winnick's election agent, conceded publicly last week that the result will be tight, volunteer workers from outside Walsall North have been turning up in decidedly greater numbers. They say they found a strengthening of voting intentions among traditional Labour supporters over the week-end. But the poll is still likely to be on the low side.

That accentuates the threat to Labour's position which is posed by the multiplicity of candidatures for to-morrow's voting. There are nine in all, and the joker in the pack could be Mr. Sidney Wright, a 54-year-old former Walsall mayor. Since May, when Labour was unseated by a coalition of Conservatives, Ratepayers, and Independents, he has been chairman of the Finance and Resources committee of Walsall Council. Mr. Wright, mayor in 1971-1973, left the Labour Party two years ago and is now standing as an Independent. He is popular, well-known, and runs a china stall in Walsall market. About 60-70 callers a week visit him from the estates around the ex-council house he has bought at Bloxwich in the northern stretch of the constituency. How much support he will get to-morrow no one can guess: it could be nearer 2,000 than 500, possibly even more, and most of them would be votes taken from Labour.

On the other hand, Labour could be helped if the Liberal vote crumbles to a somewhat lesser extent than in other recent by-elections. Last time, the Liberals attracted 13 per cent. of the vote without canvassing and with only a few posters. The non-conformist Liberal tradition still lingers on in Willenhall in the east of the constituency. Since October, 1974, the Liberals have fought four local council seats, winning one and missing a second by only 28 votes. They now have a new candidate, Mrs. Fran Oborski, a 30-year-old teacher and Kidderminster councillor. She has worked hard at what has been termed the "hole in the road" brand of community politics and has made "the need for a government of national unity" the main plank in her campaign, an argument that seems to be getting some response though probably not enough to save her deposit.

Still every three votes Mrs. Oborski manages to hold on to could mean two fewer for the Conservatives to regain. Mr. Robin Hodgson, a 34-year-old investment banker specialising in finance for small industrial companies, fought the two 1974 elections for the Conservatives and has been active locally for even longer. He says that Black Country people like a stayer and is confident of holding, and almost certainly increasing, Walsall North's traditional Tory vote. He has a highly personable and assured doorstep manner, and has received a surprising degree of support from areas that were assumed to be Labour strongholds. But, though the Conservatives are putting in a major effort with help from other parts of the Midlands, the result will be decided not so much by the strength of the Tory vote as by the drop in Labour support.

None of the five other candidates has been making much of an individual impact. The National Front candidate is Mr. Charles Parker, a local businessman who lost an arm in the 1939-45 war. He talks more about patriotism than immigration. Only 3 per cent. of the Walsall North population were born outside the U.K., though there are greater concentrations of immigrants nearby in Walsall South. Mr. Parker's support is likely to be nearer the 3 per cent. polled by the National Front at Coventry NW than the 6-7 per cent. registered at Thurrock and Rotherham. He is also being opposed by Mrs. Marion Powell for the National Party, a break-away group from the National Front. Although other candidates—Mr. Hodgson and Mr. Wright, for example—are also campaigning in favour of tighter immigration controls, race has not become a major issue in this campaign notwithstanding the Socialist Workers' Party's attempt in this, their first election to seek a confrontation with the National Front. Nevertheless, Mr. Winnick, a member of the Tribune Group, has been as coy about his former job at the U.K. Immigrants Advisory Service (described as a social agency in his election address) as about his attitude to further Government spending cuts.

The decisive factor on the day will almost certainly be the size of the poll. Mrs. Oborski, Mr. Wright, and the minor candidates will attract sufficient votes between them to make Labour highly vulnerable in a low poll. If the turn-out is larger than the 54 per cent. recorded at Thurrock, Mr. Winnick and the Government will probably be home, albeit by a whisker. But if the turn-out should be as low as Rotherham's 46 per cent. then it could well mean that Labour apathy and disillusionment will have thrown Mr. Stonehouse's old seat to a Conservative.

Colin Jones

Mr. David Winnick, Labour
Away from Stonehouse

Terry Kirk

Mr. Robin Hodgson, Conservative
They like a stayer

THE CANDIDATES

David Winnick, Labour
Robin Hodgson, Conservative
Fran Oborski, Liberal
Sidney Wright, Independent
Charles Parker, National Front
Marion Powell, National Party
Jimmy McCallum, Socialist Worker
Jonathan Tyler, Ecology Party
Bill Boaks, Air, Road and Public Safety, White Resident

OCT. 1974 RESULT

Stonehouse (Lab. and Co-op) 28,340 (59.5%)
Hodgson (Conservative 12,455 (26.1%)
Gill (Liberal 6,377 (13.4%)
Richards (Communist) 465 (1.0%)
Labour and Co-op majority 15,855 (33.4%)
Turnout 66.6%

Letters to the Editor

Commercial strategy

[F]rom the Chairman, [N]ewman Industries

Sir,—I understand that the [J]apanese have a national plan to [tr]anslate their economy from [m]anufacturing/exporting to tech[n]ology/investment by the mid-[1]980s, when they envisage that [th]eir investment overseas will [ex]ceed per capita that of any [ot]her country.

In the short term Western [po]liticians, particularly those in [th]e U.K., will welcome Japanese [in]vestment in manufacturing as [a] means of providing employ[m]ent. In the medium term, we [wi]ll wake up to the fact that [w]e have encouraged our own ex[pl]oitation as a nation of cheap [la]bour and that strategically we [ha]ve again been outflanked and [co]mpletely outmanoeuvred.

Britain's record over the last [ce]ntury as a manufacturing na[tio]n is not comparable to that [of] half-a-dozen other countries. [Ou]r strengths lie in politically [un]attractive areas such as [his]toric associations, language, [ex]port service and genuine over[se]as marketing competence. [Stra]gically, we could develop as [a n]ation of merchant venturers. [Th]is would not only complement [th]e intent of the Japanese, but [als]o place us in a strategically [ad]vantageous position with re[ga]rd to our major competitors. [Jo]bs are not created by invest[me]nt in manufacturing nor in[duc]ed by profits. Employment is [a] result of demand for the [goo]ds, services and opportunities [p]resented by people. Unless [the]re is such demand; invest[me]nt is simply a waste of money. [S]hort-term political expedi[enc]y destroys the acceptance [of] a logical and commercial [str]ategy. Unfortunately, such [lim]ited outlook is not confined [to] politicians. The advice of one [em]inent merchant banker re[cen]tly was that now is not the [tim]e for originality and creative [act]ion.

[I]f we, as industrialists, hesi[tat]ed to plan because of un[cer]tainty, industry would by its [ow]n inactivity confirm the fore[bod]ings and doleful prognostica[tio]ns of those on the periphery.

[Joh]n F. Bartlett,
[Clif]ton Heights,
[Tri]angle West,
[Bri]stol.

Brilliant pests

[Fro]m Mr. T. Sas

[S]ir,—I have noticed recently in [vari]ous newspapers a veritable [delu]ge of correspondence from "theoretical boys" such as [mar]keting consultants, business [con]sultants, University profes[sors] and theoreticians of every [kin]d. It is people like this who [hav]e brought Great Britain to [its] knees. The British Govern[men]t whether it be Labour or [Con]servative, the civil service, large industrial combines, the [nati]onalised industries are full [of] these pests, with "brilliant" [min]ds but virtually no experi[enc]e of commercial or industrial [life] as it really is.

[W]hat is needed in Great [Brit]ain at the moment, is the [rebi]rth of the merchant adven[ture]rs of the past. The type of [peo]ple who will roll up their [slee]ves and work; not theoretic[ians], which is a very comfortable [and] easy way to make a living, [but] practically, by selling British [prod]ucts; in polishing the sadly [tarn]ished British image overseas; [in] developing new products [whi]ch are marketable and not [pur]ely academic play-things, and [in k]eeping business profitable.

It is these people, the merchant adventurers, who are now mostly found in smaller businesses, whose taxes support the stumbling slumbering mumbling industries stuffed full of theoreticians, consultants and advisors, and with no "do'ers" in sight. The industries which over-man, and require State subsidies to pay for this over-manning and which at the end of the year produce loss upon loss.

We have seen the effects of practical British inventions in such items as the EMI Scanner; we have seen the results obtained from the sale of many first-class British products, which are unique in their field and which dominate world markets. We have also seen the effects of the "theoreticians" and their "strokes of brilliance" which are then converted into statistics, reversed and proved to have been correct in theory, if incorrect in practice.

What plea can we humble businessmen make to the Government and to the theoreticians other than to say for God's sake get off our backs and let us save Great Britain, we can do it and we do not need incentives, we do not need Government aid, we do not need theoretical advisors .... all we need is to be left alone, without constant interference and governmental pressure—and I do not even mention the veritable deluge of papers pouring down on us from every Government department in sight (including some I have never heard of before!).

Tadeusz R. Sas,
Director,
SAS Group of Companies,
Victoria House,
Vernon Place, W.C.1.

The pound and exports

From Mr. G. Shaw

Sir,—Mr. Buckland (October 29) repeats a common fallacy when he asserts that "following a devaluation of the pound of 20 per cent. (from $2 to $1 60) as we have witnessed this year, it is necessary to increase the volume of exports by no less than 25 per cent. to earn the same amount of foreign currency."

This statement is true if, and only if, the exporter permits his export price to fall in line with the devaluation of sterling. There is, however, no reason why this should be the case. If I can sell 2,000 units of output per annum in the United States market at $10,000 per unit prior to devaluation, then presumably I can sell the same quantity at the same price following devaluation. There is no reason to presume any change in American demand conditions. Accordingly there is no reason to expect any fall in foreign currency earnings in consequence of devaluation.

If the export price is maintained in dollars then the only change of significance is an enhanced profit margin as calculated in £ sterling on the export side of the business. This is precisely where the alleged benefits of devaluation are supposed to lie. A raising of the comparative profit levels between export and domestic markets will stimulate greater attention being given to the former: more effort will be made to expand export sales and foreign currency earnings will subsequently rise.

Unfortunately, the argument is not symmetrical. There is no way to avoid the consequent rise in import prices which may or may not (depending upon the volume change) require larger foreign currency financing. The real danger underlying devaluation is where the induced rise in the cost of living generates a wages explosion which erodes the competitive advantage so obtained. It is for this reason that the current policy of permitting devaluation combined with wage restraint may yet succeed in generating a period of sustained export led growth and thus raise our badly depleted foreign exchange reserves.

G. K. Shaw.
Department of Economics,
University of St. Andrews.
St. Salvator's College,
St. Andrews.

Inflation in Portugal

From Mr. L. Whitehead

Sir, — Professor Eckhaus (October 19) urges the need for accurate and constructive reporting of Portugal's economic prospects. This is no easy task, given the erratic flow and uneven quality of that country's economic statistics, and the intense emotions generated by the upheavals of the past three years. For those who wish to strengthen Portugal's fragile democracy against the growing danger of another conservative dictatorship, it is most important that influential newspapers guard against unfounded and alarmist interpretations of the economic situation.

Paul Ellman reported on March 4 that price inflation in Portugal had "reached an annual rate of around] per cent." On April 26 he scaled down the figure to around 50 per cent., and added the qualification that "this was the rate the central bank was budgeting for as a mid-summer likelihood." In mid-summer (June 22) he repeated the 50 per cent. estimate "despite public optimism from the Finance Ministry." In an interview with *Tempo* of September 2, Mario Soares reacted to a Portuguese reporter's suggestion that inflation was running at 40 *per cent.* as follows: "No, no, no. It is not 40 per cent. It is much less. Around 25 per cent. For the present we are managing to control prices. It is not necessary to exaggerate." In fact the most recent consumer price index reports inflation over the past 12 months at under 20 per cent. There are grounds for arguing that the official statistics may underestimate the true inflation rate, but it is unlikely that the distortion is much above 5 per cent. per annum.

Portugal's problems of inflation, difficulties with the balance of payments and the public sector deficit remain very worrying and of course require full and frank reporting by your correspondent. But Mario Soares could have made his point more forcefully. When the "real" situation is bad, financial over-reaction can make it worse. It is necessary, therefore, not to exaggerate.

Laurence Whitehead,
(Fellow)
Nuffield College,
Oxford.

A ray of winter sunshine

From Mr. R. Stafford Smith.

Sir,—The news is so monotonously dreary these days that there is a very real danger that we shall forget how to recognise the brighter side when it does come along. There are, I would suggest, at least two areas in which the present situation offers very real and permanent opportunities for both the present and the future for our poor economy.

Looking at Oxford Street on a cold and miserable Saturday in late October (not a sunny one in August)—I could hardly see the pavements for all the foreign visitors rushing to the shops and back to their hotels again. Perhaps our traditional role as a nation of shop keepers, which did so much to make out character as well as our wealth, is taking on a new emphasis as shopkeepers to the world.

Also if we brush up our manners a little and learn a little more about true hospitality perhaps we could become the world's leading tourist centre. We have much to offer in both the natural and man-made environment and foreign currency earned on that ticket has the advantage of being high in net to gross and of stimulating jobs which are hard to automate out of existence and which do not need import controls to maintain them. After all Switzerland does pretty well on this industry and it rescued the Spanish economy from the doldrums.

Furthermore it might not be a bad thing for the British character to start being nice to all these infernal foreigners!

Dick Stafford Smith.
Cambridge Planning Services,
Avenfield House, Park Lane,
London.

The Banaban people

From Mr. T. Rotan

Sir,—There is much David Lascelles says in his interesting article on Ocean Island (October 8) with which I would take issue, but may I raise just two very vital points?

It would be quite wrong for anyone to doubt the determination of the Banaban people to resettle Ocean Island just as soon as we are once again our own masters there. A few moments conversation with any Banaban should have assured him of this. Resettlement of Banaba, even by a token number of us, is our only certain means of preserving the unique culture of the Banaban race. All that is in doubt is the extent of our resettlement because of the financial considerations involved.

In Bone Valley, Florida, where one-third of the world's phosphate lies, legislation ensures that virtually every acre mined is restored. Our own need for restoration is as great, if not greater, than that of the Floridans, and we do not consider it unreasonable to ask those rich countries which have benefited hugely from our phosphates in past years to contribute towards the cost of making our homeland habitable again. Regrettably, as Mr. Lascelles confirms, if the Gilbertese were to obtain sovereignty over Ocean Island they would be content to close it down after the last ton of phosphate had been excavated. My council and the Banaban people will never accept this.

Mr. Lascelles is quite right in saying that the British Government must ultimately settle the future of our homeland. He seems to imply, however, that Britain is a neutral arbiter in a quarrel between two Pacific peoples. This, of course, is not so. Without speaking of past events which are still sub-judice, Britain has a vested interest in ensuring that the present cost of running their Gilbert Islands Colony is met by Banaban phosphates rather than by the Treasury. Britain has a vested interest, furthermore, in the Colony Government continuing for as long as possible to add to the already massive reserves accumulated out of phosphates: the greater the reserves, the smaller will be any future call on Britain for grants-in-aid to an independent Gilberts State.

Tebuke Rotan,
Rabi Council of Leaders.
Buckingham Court,
78, Buckingham Gate, S.W.1.

Hexamine dumping

From the General Manager, Chemical Supply Company.

Sir,—May I correct a statement made in David Lascelles' article on anti-dumping charges against imports from Comecon which appeared on October 18?

Mr. Lascelles states that the application for an anti-dumping duty to be imposed on imports of Hexamine has been withdrawn; in fact the Department of Trade's investigation has merely been suspended (see the Department's Press Notice No. 219 of August 25). My company which has been engaged in discussions with the Department of Trade on this matter since the summer of 1975, is still concerned about the price at which Hexamine from Comecon countries (which now account for about 30 per cent. of the U.K. market) is being sold in this country. We agreed to the suspension of the anti-dumping investigation as a result of certain assurances which the Department stated it had received and we shall be watching closely to see whether these assurances are honoured.

J. E. M. Yorke.
Piperell Way, Haverhill,
Suffolk.

A living for writers

From Mr. Malcolm Elliot

Sir,—Surely those who believe in supply and demand, competition and free enterprise cannot honestly agree with the additional massive national waste of public lending right.

The most vociferous authors arguing in favour of this Bill are largely those who will benefit the most. Indeed, best-selling authors will receive vast windfalls whereas the very poor authors whose work may be in very limited selling subjects—for whom this Bill is supposed to be being promoted, ha, ha!—will get next to nothing. I may add that I have sold almost a million copies of my own books under pen names and I am therefore, here putting forward a moral view *against* my selfish interest.

As a publisher I am also informed that there are only one or two libraries in the entire country suitably equipped with computerised records, etc., which are physically capable of handling the mass of paper work which might be required to operate a public lending right.

Returning to supply and demand, I can also state that for every book which is published there are at least another 10 written by aspiring authors. In fact, with something over 500 books published every week in this country alone, there is no shortage of writers. Why on earth, therefore, should we all be bullied into paying more to authors when the supply of writers *already* far exceeds demand? The false removal of economic discipline in this way can only lead to our flooded market having heaped upon it still more poor-quality writing to add to so much garbage already on sale. Only while writers *have* to fight to live, can we hope for good literature.

Malcolm G. Elliot,
Elliot Right Way Books,
Kingswood Buildings,
Kingswood, Surrey.

To-day's Events

GENERAL

National Economic Development Council, under chairmanship of Prime Minister, reviews Government's industrial strategy, and is also expected to announce new investment incentive scheme.

EEC Commission in Brussels expected to discuss economic difficulties of Great Britain and Italy. Commission will also hold talks with Norwegian delegation on reciprocal fishing rights and start negotiations with Iceland to secure continued access to its waters for British trawlers.

Mr. Jack Jones, general secretary, Transport and General Workers' Union, meets Sir Arthur Knight, chairman of Courtaulds, on company's proposed plant closures.

PARLIAMENTARY BUSINESS

House of Commons: Retirement of Teachers (Scotland) Bill, Valuation and Rating (Exempted Classes) (Scotland) Bill, and Sexual Offences (Scotland) Bill, remaining stages. Licensing (Scotland) Bill, consideration of Lords amendment.

Commons Select Committees. Expenditure (Trade and Industry Sub-Committee). Subject: The Fishing Industry. Witnesses: Ministry of Agriculture, Department of Agriculture, Scotland, and Foreign and Commonwealth Office. Expenditure (Environment Sub-Committee). Subject: Planning Procedures. Witnesses: Royal Institute of Chartered Surveyors. Expenditure (General Sub-Committee). Subject: Planning and Control of Public Expenditure. Witnesses: Treasury.

House of Lords: Aircraft and Shipbuilding Industries Bill, report stage. Education Bill, third reading.

OFFICIAL STATISTICS

Building Society house prices and mortgage advances (third quarter).

COMPANY RESULTS

Dawnay Day Group (half year). Kwik Save Discount (half-year). United City Merchants (half-year).

COMPANY MEETINGS

Express Services, Kettering, 10.30. Throgmorton Secured Growth Trust, 25, Milk Street, E.C., 12.30.

COMPANY NEWS + COMMENT

Brooke Bond recovery to peak £27m.

FOLLOWING THE March forecast of a much better year, Brooke Bond Liebig reports second half 1975-76 profits more than doubled from £7.04m. to £16.65m., which pushes the total for the year ended June 30 up to £26.89m.—£12.21m. ahead of 1974-75 and £7.5m. above the record achieved in 1973-74.

The result—which reflects substantial increases from overseas interests, with only a marginal improvement in the U.K.—included a profit on sale on fixed assets up from £112,000 to £2.32m. and £2.7m. attributable to currency conversions.

Compared with a total of not less than 2.375p foreshadowed at the time of the December rights issue, the dividend is being raised from 2.25p to 2.4745p net, on the increased capital, with a final of 1.787p.

The directors explain that there was a material turnround from loss to profit in Europe. Profits increased substantially in North America, Australia and South Africa, as they did in other overseas areas except South America, where profits were down on last year because of manufacturing losses in Paraguay.

In Argentina, sterling profits were higher, mainly because increases in export proceeds more than compensated for much higher peso costs and for the heavy devaluation of the peso against sterling.

Meat processing loss

In the U.K., grocery profits improved substantially from last year's depressed level and Baxters did better despite a difficult year in the retail meat trade. However, because of losses in some meat processing operations the overall U.K. result was only marginally better than last year.

Overseas trading profits increased by £8.8m. Of this total £2.7m. can be attributed to the conversion of currency profits (excluding Argentina) at more favouable exchange rates than at June 30, 1975.

The net effect of converting overseas net assets and foreign currency borrowings in the U.K. into sterling was a gain of £4.7m. which has been credited direct to reserves.

Provided that price increases can be obtained to offset rising costs, and subject to exchange rates, the outlook for 1976-77 is for a satisfactory increase in trading profit, members are told.

Providing for heavier tax and minorities, the attributable net balance emerges at £14.45m., compared with £2.68m., giving earnings per 25p share of 8.9p, against 3.29p., before extra-ordinary items.

	1975-76 £000	1974-75 £000
External sales	591,376	473,705
Trading profit	31,544	22,733
Interest	7,260	8,157
Profit on fixed assets sales	2,315	112
Profit before tax	26,899	14,688
Taxation	12,835	8,676
Net profit	14,064	6,012
Minorities	1,249	609
Extra-ord. items*	1,639	2,724
Attributable	14,454	2,679
Dividends	5,090	3,701
Retained	9,364	†1,022

* Credit (debit) † From reserves.

The profit on sales of fixed assets arose on the disposal of surplus properties in the U.K. and South America. Included in the profit are revaluation surpluses of £781,000 previously credited to reserves but now realised.

The tax charge comprises (£000's omitted): U.K. Corporation tax £6,151 (£4,602); less DTR £5,393 (£3,514); provision against ACT not immediately recoverable £2,341 (£1,867); Overseas tax £10,472 (£7,340); less unrequired provisions £536 (£1,619).

Material reliefs and allowances available in the year, not all of which could be used to reduce the tax charge for 1975-76, were as follows (expressed in terms of tax values):—Tax depreciation in excess of that charged in the profit and loss account £2,160,000 (£3,013,000), and relief for stock appreciation £1,535,000 (nil).

At June 30, 1976 ACT of £6.2m. for which relief has not been taken remains available to set against future U.K. tax liabilities. Reliefs and allowances carried forward for offset against future trading profits in U.K. amount to £0.8m., subject to the contingency of withdrawal of stock relief claimed totalling £9.6m.

Overseas taxation has been reduced by £707,000 (nil) in respect of losses of earlier years. Losses available to reduce tax on future overseas profits are estimated at £6.9m.

The extraordinary items represent (£000's omitted):—closure and relocation costs £399 (£1,900); credit adjustments to proceeds of compulsory acquisition of fixed assets £451 (£236 debit); Brooke Bond Oxo sales and distribution reorganisation nil (£1,430); taxation £263 (£941 credit); and credit tax adjustments to prior year's extraordinary items £1,850 (nil).

See Lex

INDEX TO COMPANY HIGHLIGHTS

Scottish European Inv. downturn

First half (to September 30, 1976) gross income of Scottish European Investment Co. declined from £613,000 to £525,000.

The directors state that borrowings have been reduced—this will reduce gross income for the year but interest charges will also be lower and on the basis of present estimates they expect to maintain last year's 1.1p net dividend.

At end September net assets per 25p share were 49p (46.3p).

Foster Bros. to improve

SALES of Foster Brothers Clothing Company rose 7 per cent. to £20.87m. in the half-year ended August 31, 1976, but increased operational costs pushed pre-tax profits down some £0.25m. to £1.66m.

The directors say that given seasonal conditions during winter months, it is possible a substantial proportion of the shortfall will be recouped in the second half, thus leaving the year's profits much on a par with the £4.11m. of 1975-76.

The interim dividend is lifted from 0.875p to 0.9625p net per 25p share and it is anticipated that the year's total will be the maximum permitted—the previous total was 2.32p.

Despite conditions which are generally unfavourable, expansion on a strictly selective basis continues and some 25 new branches will be opening in the present trading year.

	Six months 1976 £000	Six months 1975 £000	Year 1975-76 £000
Sales	20,869	19,481	41,583
Properties surplus	—	—	69
Profit before tax	1,655	1,906	4,112
Tax	900	1,045	2,314
Net profit	755	861	1,798
Minorities	1	1	1
Dividends:			
Pref. div.	4	4	9
Interim Ord.	214	194	194
Retained	536	662	1,272

● comment

A 13 per cent. profits downturn on a sales increase of 7 per cent. from Foster Brothers is a much better result than the sector average, where sales are probably no higher than 1 per cent. FB has held up well against the recession in menswear, which is a reflection of its improved selling image and general trading up in quality for there has been little physical expansion within the period. For the second half the group is looking to make good the first-half set-back. Both Stone-Dri and Adams (childrens' clothes) are biased towards the second half and the rest of the group has the all-important Christmas and January sales periods to come. If pressures develop on consumer spending, trading may not prove as good as FB anticipates and therefore the next accounts may look overstocked. But as a non-fashion group this is not an insurmountable problem and may even prove beneficial with stock bought when sterling was stronger. The balance sheet, meanwhile, remains firm and the net cash position next February should not be far different from the £1¼m. last time. With say £4m. pre-tax in sight the prospective p/e of 4 and yield of 11½ per cent. at 35p is justifiably an above-average rating.

L. Lipton halftime uplift

Fork lift truck hirers, etc., L. Lipton has shown a big increase in profits for the first half of 1976, from £14,587 to £68,748.

And the directors expect the second half results to improve over those now reported.

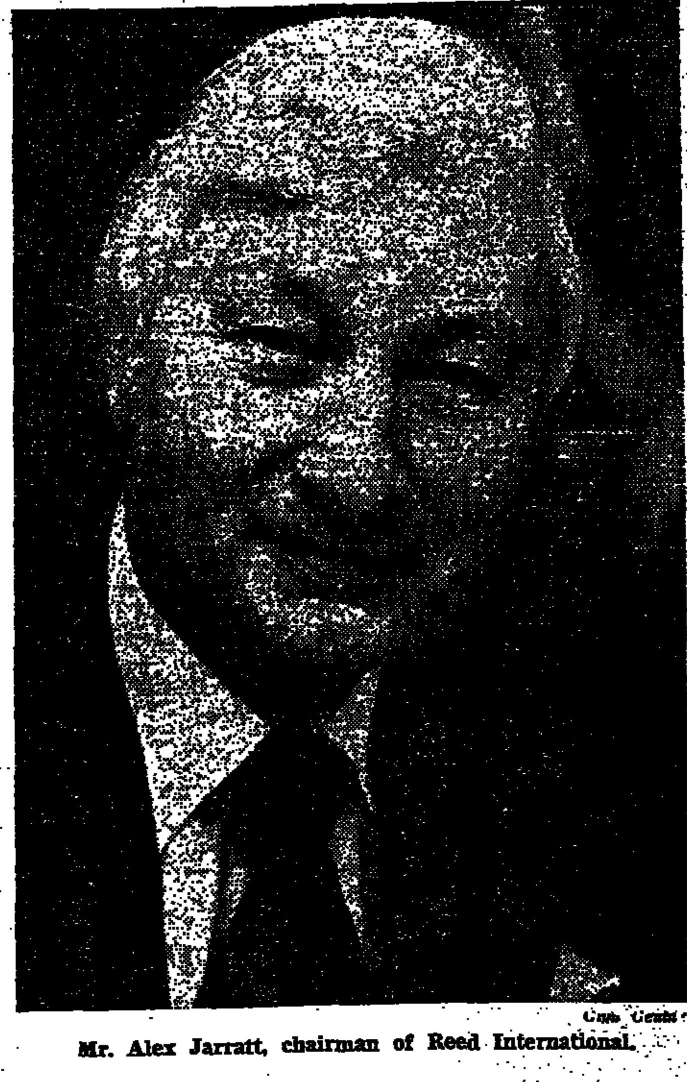
For the year 1975 the company made a profit of £65,583, including £220,386 surplus on sale of assets, against £401,240 in the previous year of which £160,455 was achieved on asset sales.

Last year the directors cut the dividend from 2.4p to 1p per 25p share. For the present period they are deferring a decision as to payment until the full year's results can be considered in a more stable climate.

In the first half of 1976, sales improved from £2.08m. to £2.38m. After tax £23,000 (£8,000) and minorities, the attributable balance came out at £42,898 (£6,587) for earnings of 1.98p (0.3p).

● comment

There is a long way to go before L. Lipton is back to profits of £400,000 as in 1974, but the first half this year is showing a steady improvement which could lead to full year profits of £140,000. The French subsidiary is now out of its loss-making period and both the forklift trucks division and the aluminium pellets are showing modest improvements. One fly in the ointment is the state of the pound, as heavy imports make the company vulnerable to exchange rate movements. At 22p, the shares are still below par and the market capitalisation is £460,000.



Mr. Alex Jarratt, chairman of Reed International.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Foster Bros. Clothing	int.	0.96	Jan. 4	0.88	—	2.32
Hambros Trust	int.	1.4	Dec. 16	0.76	—	2.3
Mallinson, Dn'y Mott	int.	1†	Jan. 7	0.7	—	1.88
Reed Intl.	int.	5.96	Jan. 7	5.96	—	11.08
Taylor, Pallister	int.	0.92	Jan. 7	0.84	—	3.79
Whitbread	int.	1.03	Jan. 12	0.93	—	3.2
Electrocomponents	int.	2	Jan. 8	1.82	—	4.08
English & Intnl.	int.	1.05	Dec. 1	1.05	—	3.15
Fitzwilton	int.	1.95	Jan. 5	1.25	1.95	3.25
Brooke Bond		1.79	Jan.4	1.6	†2.47	2.25
Cedar Inv. Trust		1.4	Dec. 15	1.2	2.1	1.9
Drayton Consol		2.9	Dec. 23	2.53	4.13	3.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

THOMPSON-REID

Thompson-Reid has changed its name to Charles Hurst Motors.

More expansion at Maynards

FOLLOWING expenditure of some £1.65m. on new capital projects in the last three years Mr. Peter Salmon, chairman of Maynards announces a further capital investment programme of at least £500,000.

Although 1975-76 has been a year mainly of consolidation, expansion has been taking place or is planned in all group divisions, except Canada. New products have been launched by the manufacturing division and its selling organisation re-structured and strengthened, while both the retailing divisions have opened new shops and modernised others, all of which activity should augur well for the future, says the chairman.

As reported, group pre-tax profits fell from £1.44m. to £1.12m. in the year ended June 30, 1976. The fall was mainly due to favourable inflationary factors in the previous year and to the loss of profit in 1975-76 arising from the temporary disruption at factories following the installation of new plant.

At the London factory (where sales and profits were also affected by the very warm weather) the problems of the new plant have been resolved and production and sales have now reached record levels. The chairman expects further progress to be made in the current year particularly in Europe and Canada.

In confectionery retailing current year sales are still well ahead of 1975-76 and he feels that there is no reason why this division should not make further headway, although much of the extra gross profit earned will be needed to pay for greatly increased rents and rates.

Results of Sun D'Or for the first half of 1975-76 were disappointing, largely due to the hot weather. There was a good recovery in second half sales and profits and indications are that better results should be produced for the current year.

Referring to Zodiac (Toys) the chairman points out that with new shops in Birkenhead and Mansfield and the new unit which has just started trading at the Arndale Centre, Manchester, there will be 40 shops in operation this Christmas. It remains the group policy to expand this chain of shops as and when suitable sites occur can be acquired in the high street and ma[...] shopping centres.

As regards Maynards (Can[...] the directors have decided [...] request consultants to make [...] appraisal of the present op[...]tion of this company and advise on its future potential [...] regards manufacturing, wh[...]saling and retailing.

The directors remain of [...] opinion that the excess of cur[...] market value of the group's [...]hold and long leasehold pro[...]ties over book value, which [...] 1973 was estimated to be ab[...] £2m., is still substantial. [...] would, as last year, still be [...] least £1.5m. without allowing [...] any tax on the surplus.

Included with the annual re[...] is a document detailing propo[...] changes to the articles. [...] directors feel that they shou[...] altered to give greater emph[...] to the group's wide range [...] activities and to bring them [...] line with modern company [...]

Meeting, Vale Road N., Nov[...]ber 25, at 11 a.m.

Chairman's statement Page

McALPINE'S SWISS MOVE

A building and civil engi[...]ing company has been set u[...] Basle with the title Sir Al[...] McAlpine AG. Its initial ca[...] is Frs.250,000.

Electrocomponents up 17% so far

FIRST HALF 1976-77 profits of Electrocomponents show an increase of 17.4 per cent. to £1.59m. and the directors are confident that progress will continue.

During 1975-76 the group reduced its prices in order to comply with the gross margin requirements of the Price Code. The group is now below both its gross and net profit reference levels, the directors point out.

While turnover increases have been achieved by all the group subsidiaries (the group total is up by 33.5 per cent. to £9.6m. in the half year) the steady increase in costs puts a pressure on profits which they see continuing for some time.

Barring any new Government steps which may adversely affect industrial activity, the Board is confident that progress made so far in both sales volume and profit will continue for the rest of the year.

The interim dividend is raised from 1.82p to 2p net—the total for the year ended March 31, 1976 was 4.07939p net, paid from profits of £2.85m.

After tax of £826,000 (£703,000), the half year's net profit emerges at £762,000 (£650,000).

● comment

Electrocomponents' interim figures were well received yesterday, with the shares rising 5p on the day to 80p. Last year the group was forced to cut its selling prices in order to comply with Government restrictions and this appears to have given it an extra competitive edge in the current year. Within the sales rise of just over a third, the group reckons that volume increased by at least 30 per cent. Current signs are that this progress is continuing so the first-half pre-tax growth of 17.4 per cent. looks like being maintained for a full-year profit of around £3.3m. This puts the shares on a prospective p/e of 4.9, a rating which gives a maximum yield of 8.8 per cent., covered 3½ times, a balance sheet with over £1⅓m. of net cash, and the ten-year record of uninterrupted growth has its attractions.

Statement Page 24

Horne Bros.

In the 28 weeks ended August 14 1976 profits of Horne Brothers, the family-owned menswear group, improved from £38,000 to £46,000. For 1975-76 the total was £319,000.

	28 weeks 1976-77 £000	1975-76 £000
Turnover	4,746	4,259
Trading profit	239	257
Depreciation	124	131
Interest payable	69	87
Profit before tax	46	38
Taxation	23	20
Net profit	23	15
Pref. div.	2	2
Retained	21	16

It is proposed to alter the company's year end to August 31 so the next accounts will run for 19 months to August 31, 1977.

ISSUE NEWS

Tendring Success

The offer for sale by Tendring Hundred Waterworks of £1.2m. of 9 per cent. Redeemable Preference Stock 1981 closed oversubscribed.

The issue attracted applications for £1.52m. of stock and the average price was £94.437 with the lowest price to receive partial allotment at £94. The minimum tender price was £94.

Dealings will start to-day, and it looks possible that the stock will open at a small premium (£10 paid).

Brokers to the issue were Seymour Pierce and Company.

LOCAL LOANS REACH 15¼%

The coupon rate on this week's local loans has risen to 15¼ per cent. against 14½ per cent. last week. This ¾ per cent. rise takes the rate close to the all-time record of 15½ per cent. in 1974.

The issues this week are: Strathclyde Regional Council (£1m.), Tayside Regional Council (£1m.), Walsall Metropolitan Borough Council (£2m.), London Borough of Barnet (£1m.), City of Newcastle upon Tyne (£1m.), St. Albans District Council (£½m.), City of Bristol (£1½m.), London Borough of Hounslow (£½m.), Metropolitan Borough of Solihull (£¾m.), Brough of Thamesdown (£½m), West Yorkshire Metropolitan County Council (£¾m). Gloucestershire County Council (£½m), Kingswood District Council (£½m.), West Lancashire District Council (£½m.). North Devon District Council (£½m.), Ashford Borough Council (£½m.), Northavon District Council (£¼m.), London Borough of Merton (£½m.), St. Helens Metropolitan Borough Council (£½m.), Suffolk Coastal District Council (£½m.), Ettrick and Lauderdal District Council (£½m.).

The bonds are issued at par and due on November 9, 1977.

هكذا من الأصل

Whitbread expands to £25.8m. in first half

PRE-TAX profits up 46.3 per cent. to £25.82m., are reported by Whitbread and Co. for the first half year ended August 28, 1976. Turnover improved by 18.5 per cent. to £260.78m.

However the uncertainty of the economic situation makes it difficult to take an optimistic view of the next six months, the directors say. Present trends show a slow-down of trade but with the half year results already achieved, they are confident that the full year figures will be well ahead of last year, when record pre-tax profits of £30.66m., were achieved.

Basic earnings per 25p share are 4.96p (3.62p) and 4.62p (3.42p) fully diluted. The net interim dividend is lifted from 0.9338p to the maximum permitted 1.0272p—last year's total was 3.2036p.

To provide more meaningful comparison, comparative figures have been adjusted to include results of Long John International for the half year to August 31, 1975, together with a notional adjustment to the Whitbread interest cost of funding the acquisition.

Pre-tax profits of Long John increased from £1.07m., to £1.27m. on turnover of £11.22m. (£9.65m.). Export profits were £611,000 (£541,000). Sound progress is being achieved in expanding export markets, the directors say.

	Six months 1975-76 £000	1974-75 £000
Turnover	260,268	220,127
Profit	36,739	29,464
Depreciation	4,524	4,171
Bank and loan interest	5,865	6,662
Future loss provision*	2,100	899
Profit before tax	25,820	17,461
Tax	14,450	9,396
Net profit before extraordinary items	11,378	[illegible]
Extra-ordinary items	617	174
Minorities	5	11
Attributable	11,952	8,315
Pref. dividend	208	208
Ordinary interim	2,310	2,180

* On foreign exchange. † Current and deferred.

The directors say the profits will help to finance this year's large investment programme of some £45m. and the creation of additional employment. This programme includes the decision to proceed with the construction of the new Magor brewery.

In the longer term the future of industry and an improvement in employment is dependent on restoration of national and international confidence, the directors state.

Until that happens, and the fear of a resurgence of inflation is removed, the group must take a cautious view about future profits and, therefore, its policy for future investment.

The long hot summer produced an upsurge in sales of the group's national brands, in particular Whitbread Trophy, Heineken Lager, Stella Artois, Gold Label and English Stock Ale.

Heineken Lager, in all packages, continues to grow in popularity and achieved outstanding volume increases. Canned beers continued growth, especially in the expanding take-home trade. Additional canning facilities are being installed to meet this rapidly growing sector.

Retail and catering operations, including Threshers and Mackies shops, produced a good performance in profit contribution although, as anticipated, the economic problems slowed down the growth in wines and spirits apart from the brands of Corrida and Langenbach wines.

The soft drinks division had a sparkling six months with greatly increased demands for R. White's lemonade and Rawlings' mixers and fruit juices and made an increased contribution to profits.

Statement Page 20

See Lex

Hambros Trust up at halfway

Net revenue of Hambros Investment Trust was up from £440,013 to £572,445 in the half year ended September 30, 1976. Tax charge was £377,047 against £289,784.

Earnings per share are 2.15p (1.57p) and the net interim dividend is 1.4p (0.76p adjusted).

As stated in July, dividends totalling not less than 3p are expected for the current year.

Net asset value per share deducting prior charges at par is 92.5p (89.4p) and at market value, 105.5p (103.8p). The figures are not strictly comparable owing to the scrip issues and the special 3p net dividend payment in July.

Taylor Pallister growth

Turnover of Taylor, Pallister and Co. for the half year to July 2, 1976 expanded from £0.85m. to £1.01m. and profit was up from £64,923 to £75,735 before tax of £39,529 (£33,801).

The net interim dividend is raised from 0.8375p to 0.92125p and the directors are considering the present disparity with the final with a view to bringing them into line. Last year's total was 3.785p and profits £128,087.

The company operates as engineers and makers of marine ancillary equipment.

The directors state that trading conditions in the second half may not be as active due to recent stringent monetary actions and general uncertainty. However, results for the full year should be satisfactory.

Statement Page 10

Drayton Consd. improves

After tax of £1.05m., against £1m., revenue of Drayton Consolidated Trust was up from £1.37m. to £1.48m. for the year to September 30, 1976, after £1m. (£0.96m.) at halftime.

The net final dividend is 2.9p per 25p share for a 4.125p total (3.75p).

Net asset value per share was 171p (155.5p).

Crowther and Nicholson liquidation

The resolution to put Crowther and Nicholson into liquidation was approved at the EGM yesterday. Mr. T. McDonald was appointed liquidator.

The chairman, Mr. J. G. Crowther, reported that discussions with various interested parties regarding the possible sale of the company had continued to within a few days of the meeting, but none of them had come to fruition mainly on account of the adverse stock market conditions and high interest rates.

In October, the Board said that at least £350,000, or 5p a share, would be available to shareholders on winding up.

CORAL COMPANY NAME CHANGE

The Coral Leisure Group announces that Cresta Marine, its marina, boat-building and yacht brokerage organisation, is to change its name to Coral Marine.

This is to reflect the broadening of the group's base in the leisure industry and its confidence in the marina and related fields.

Continued recovery takes Reed to £34m. midway

PARTLY REFLECTING a continuation of the recovery in U.K. profits, Reed International reports a second quarter pre-tax balance almost doubled from £9.3m. to £17.7m. taking the total for the first six months ended September 30, 1976 up from £17.8m. to £34.4m. This latest figure comes within £2.3m. of the depressed £36.7m. shown for all of 1975-76, which represented a drop of £48.1m. on the previous year.

Due partly to a 13-week strike at the Dryden Mill, Ontario, the directors anticipate that the company's Canadian operations will incur a loss for the six months ended December 31, 1976. This is expected to be largely offset by the share of profits from the joint venture companies in British Columbia.

The directors confirm their forecast, made at the time of the July rights issue, of an increase from 11.0775p to 13p net in the total dividend for 1976-77, on the enlarged capital. An interim dividend unchanged at 5.9355p is now declared, absorbing £6.7m.

At the attributable level profits for the second quarter were up from £4.4m. to £7.2m. making the first half total £14.1m. against £8.4m., and giving earnings per £1 share of 14.5p (8.9p).

	Six months 1976 £m	1975 £m
Sales	665.6	497.0
U.K. and exports	374.6	309.8
Overseas	294.0	185.2
Operating profit	51.3	29.1
U.K.	27.1	13.0
Overseas*	24.1	16.1
Net interest payable	16.9	11.3
Profit before tax	34.4	17.8
Taxation	17.5	8.6
U.K.	8.7	3.3
Overseas	8.8	5.3
Net profit	16.9	9.2
Minorities	2.8	0.8
Attributable	14.1	8.4

* Overseas operating profit relates to the period ending June 30, 1976.

Statement Page 20

See Lex

English and Intnl. Trust

Gross income of English and International Trust increased from £237,600 to £288,100 in the six months ended October 5, 1976 and revenue before tax was £269,400 against £266,900.

The net interim dividend is held at 1.05p—last year's total was 3.15p when pre-tax revenue was £546,364.

Tax charge in the half year was £110,100 (£116,000). Net revenue available for Ordinary holders amounted to £141,100 (£152,700).

Net asset value per 25p share was 99½p (103½p).

	First half 1976 £	1975 £
Sales	[illegible]	[illegible]
Trading profit	[illegible]	61,204
Investment, incm., etc.	[illegible]	[illegible]
Profit before tax	75,755	64,922
Taxation	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Interim divs.	[illegible]	[illegible]
Balance	[illegible]	25,488

Mallinson Denny Mott upsurge

A SHARP increase in pre-tax profits from £2.19m. to £4.27m. is reported by William Mallinson and Denny Mott for the first half of 1976 and the directors say the results for the second six months are likely to be satisfactory.

The first half result has come close to the £4.53m. achieved in the first six months of 1973 and the £5.16m., reported for the 1975 year.

Adjusted for the May rights issue, basic earnings per 25p share are 4.81p (2.4p) and 4.38p (2.21p) fully diluted.

Bearing in mind the rights issue forecast of a dividend total of 2.5p (1.8756p) net, the directors have lifted the interim payment from 0.7p to 1p.

	Half year 1976 £000	1975 £000	Year 1975 £000
External sales	[illegible]	67,311	134,785
Profit before tax	4,257	2,193	5,155
Tax	[illegible]	1,230	[illegible]
Net profit	1,924	961	[illegible]
Minorities	10	51	76
Available	1,914	912	[illegible]
Pref. dividend	[illegible]	77	[illegible]
Ordinary div.	459	237	[illegible]

The group trades as international timber merchants, makers of wood based products and general merchants.

● comment

Mallinson should top £9m. pre-tax this year. The rights issue proceeds are bringing in something like £¾m. in the current half-year, the Continental operations are going to move out of the red and the rest is a mixture of stock profits and strong prices: the slide in sterling had increased both softwood and hardwood prices by a further 5 per cent. between June and August. But demand remains flat and is going to stay that way in 1977 by which time—if sterling can begin to stabilise—profits are going to find it hard to hold current levels. Meantime, the shares at 27p yield a prospective 14½ per cent. This is well covered, and group debt it currently being held in line with shareholders' funds.

Cedar Trust pays more

After £311,516, compared with £254,800 at half-way, revenue of Cedar Investment Trust improved from £672,903 to £728,945 in the year ended September 30, 1976, after tax down from £458,803 to £435,552.

Including imputation credit, income rose from £1.30m. to £1.45m.

Stated earnings per 25p share were up from 2.05p to 2.23p and the dividend total of 2.1p net, against 1.9p, includes a final of 1.4p.

Net asset value per share was 87p (64.2p).

Wades Stores expansion continues

A programme of steady expansion is being continued at Wades Departmental Stores as conditions permit together with a policy of constant improvement in existing stores, the chairman, Mr W. Dixon says in his annual report.

The directors consider the group has adequate resources and net current assets at April 30 this year had increased by some £340,000 to £1.70m.

In the year ended April 30, 1976, pre-tax profits rose from £793,546 to £885,532. Turnover increased from £8.65m. to £10.64m.

Turnover in the first four months of the curent year has increased but so have operating costs the chairman says.

Premises in Grimsby and Lancaster are expected to be open for the November-December trading and the South Shields branch is being enlarged following the acquisition of adjoining premises.

Meeting, Sheffield, November 26 at noon.

Driving charges 'could be halved'

THE time has come for a new look at motoring offences, a legal journal suggested yesterday. The volume of charges and convictions could—and should—be halved without detracting from the vigilance in law enforcement which gives Britain a proud record in road accident prevention, the Magistrate said.

There is a need to reduce drastically the volume of cases. This could be done by more cautions, more fixed penalty offences and a new policy distinguishing between major and minor offences.

Drivers with clean licences could be given a written and recorded caution instead of being prosecuted—"the motorist feeling grateful that he has received consideration after some lapse."

Ductile Steels to spend more this year

A further £2m. is to be spent by Ductile Steels in the current year as part of its continuing investment programme, Mr. R. Sidaway, chairman, reports to holders. In the year ended July 3, 1976 £1.8m. was spent on new plant and buildings.

He notes that due to stock appreciation relief and accelerated capital allowances on new plant and building, tax payments in the next two years will be greatly reduced and the cash position correspondingly improved.

The cash position is satisfactory and provided trade continues at a reasonable level he hopes that next year's results will show a further improvement.

As known 1975-76 pre-tax profit increased from £3.78m. to £4.61m. in 1975-76. Lack of orders continued to affect the group in the first half but there was a steady improvement in demand in the second six months.

During the year the average group activity improved from a level of about 65 per cent. to about [illegible] per cent. of normal and the chairman says that new projects are ready to take advantage of any further unturn.

In the engineering division Langley (Tube Machines) started the year with a shortage of orders but showed a distinct improvement in the second half—the recovery was insufficient however, to enable it to equal the previous year's profits.

The balance sheet this year shows a considerable increase in working capital, partly because of inflation and partly due to higher stocks and debtors required to sustain more normal production levels.

In the steel division, the group's main contributor to profits, Mr. Sidaway says that in the current year a second slitting line will be installed at Ductile Steel Stockists which will enable it to satisfy the extra demands made upon capacity.

In the tube division there are a number of new projects under development, the most important being the organic coating line now starting trials. Operations have been started with Fensecure, specialists in security fencing.

Meeting, Willenhall, November 25, 3 p.m.

Chairman's statement Page 22

MINING NEWS

Oakbridge's long-term coal prospects

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S **Oakbridge** says that while its manufacturing and finance divisions are soundly based, it is the coal mining activities "which will lift the company to a different plane of growth and prosperity in the next few years." The chairman, Mr. Grahame Mapp, points out that the new Clarence and Wolgan collieries will be of major significance to the company.

Now that the coal export contract with the U.K. has been completed, a greater part of the group's production can be directed to fulfilling commitments to the Japanese steel industry for the supply of low ash coal for processing into formed coal, a substitute for hard coking coal. The process, says Mr. Mapp, represents a major developing market for Oakbridge's product.

In the year to last June, Oakbridge produced 1.39m. tonnes of raw coal and with the return of more normal working conditions after the previous industrial troubles output has improved to an annual rate of 1.6m. tonnes. Present sales commitments amount to 125m. tonnes of washed coal and the expansion to meet additional long-term supply contracts will be concentrated at the new Clarence and Wolgan mines.

First shipments from Clarence are scheduled for early-1979; the stage one development will produce 0.8m. tonnes of washed coal annually, while the stage two development envisages an increase in output to 1.8m. tonnes by 1982. The total cost will be some $40m. (£31m.) spread over the next five years.

Wolgan, which has a Japanese contract for 8.5m. tonnes over a ten-year period, is expected to reach production in 1979. As already announced, agreement in principle has been reached whereby **Placer Development** will enter a joint venture agreement to develop Wolgan and will provide the $40m. funding required for the mine, subject to feasibility studies. Oakbridge were 105p yesterday.

AMAX BOOSTS COAL OUTPUT

The U.S. mining giant, **Amax**, is engaged on an expansion programme which will nearly double capacity at two Mid-western coal mines. In his third quarter report, the chairman, Mr. Ian MacGregor, says that a new dragline at the Ayrshire mine in Indiana will increase coal production to 4.5m. tons from the spring of 1978, when it is scheduled to start working. Last year the mine's production was 2.7m. tons. At the Sun Spot mine in Illinois, a dragline under construction will double output to 1.2m. tons a year by 1978.

Mr. MacGregor also reveals that the Amax-Anaconda partnership, **Anamax**, has petitioned the Arizona Supreme Court for the rehearing of a decision which prevents the drilling of a well for water supply at the Twin Buttes copper mine near Tucson. The Court's ruling was made following a case brought by the **Farmers Investment Company**.

Meanwhile, Amax Petroleum has announced a significant oil and gas discovery offshore in the Gulf of Mexico. Seven wells have been drilled and eight more are planned. Amax has a 10 per cent. interest in the project.

MOUNT NEWMAN'S ORE SALES BID

Japanese steel mills have been offered an extra three million tonnes of iron ore from the Mount Whaleback Mine in Western Australia by the partners in the **Mount Newman** consortium.

The offer is conditional on approval by the partners of a $A240m. (£184.6m.) expansion programme and on a satisfactory price agreement with the *Japanese mills.* Engineering studies are being carried out with a view to increasing capacity at Mount Whaleback to 45m. tonnes a year from 40m. in the next 2½ years.

The other 2m. tonnes of ore from the proposed expansion—which could start early next year and reach the stage of plant commissioning in 1979—will be sold on south-east Asian and European markets. But a decision on the project is not expected until late this year.

Participants in the Mount Newman operation are **Broken Hill Proprietary, CSR, Amax, Selection Trust, C. Itoh** and **Mitsui**.

ROUND-UP

Two subsidiaries of Australia's **Poseidon** have been placed in receivership. They are **Samin**, which operates the loss-making Burra copper mine, and **Poseidon Investments**, which deals in listed shares and debentures. The receiver is Mr. Noel Buckley, who was called in as receiver of the parent company on October 19 by the **Australian Industry Development Corporation**.

* * *

A consortium of Dutch and West German companies has confirmed its letter of intent to buy 20m. tonnes of iron ore over 10 years from **Northern Mining's** Weld Range project in Western Australia.

* * *

The London-registered **Selukwe Gold Mining and Finance** announces that mining will start *again at the gold-silver-lead-*zinc property of **Silbak Premier Mines** in British Columbia. The mine is being leased to Canadian private interests who have the opportunity to subscribe for up to 7 per cent. of Silbak shares. Silbak is changing its name to **British Silbak Premier Mines**. Shares of Selukwe, which has a 38 per cent. interest, were 15p yesterday.

* * *

The Indonesian Government will participate in the development of a nickel project in the remote province of Irian Jaya. The project, formerly run by **Pacific Copper**, has been delayed by financial difficulties. The Government is also negotiating with the Soviet Union for the $300m. (£188.6m.) development of an alumina venture in central Sumatra.

PHELPS DODGE PROFITS RISE

America's major copper-producing **Phelps Dodge** continues to make good earnings progress thanks to both higher prices and sales of the metal. Third quarter earnings were also helped by improved results of the 40 per cent.-owned **Consolidated Aluminum** and totalled $13.1m. (£8.2m.). They make a nine-month total of $41.6m. (£26m.), or $2.02 per share, compared with $36.1m. in the same period of last year.

Copper sales during the past nine months rose to 232,000 short tons compared with 202,600 tons in the same period of 1975. In order to put these figures into perspective, Zambia's **Roan Consolidated** copper group produced 205,053 metric tonnes of copper and sold 196,258 tonnes in the nine months to March 31.

Production at Phelps Dodge during the latest nine-month period totalled 248,500 tons but it is pointed out that sales were approximately equal to the amount of refined copper available for delivery. Capital spending during the latest period totalled $114.5m. compared with $184.1m. a year ago.

Fertiliser collapse hits Fitzwilton—£2.3m. loss

A turnround from a pre-tax profit of £1.72m. to a loss of £2.31m. is disclosed by Fitzwilton for the year to June 30, 1976 but the directors are budgeting for a return to profit in the current 12 months. At halfway the loss was £1.7m. (£1.45m. profit).

They say that the collapse of the fertiliser market was responsible for the heavy losses—remedial action caused heavy redundancies and closed the Goulding Dublin factory.

A statement of net tangible assets *indicate* a secure capital position and very much reduced debt, they add.

The dividend for the year is 1.9474p compared with 3.25p—deficit per 25p share 15.35p (10.22p earnings).

	1975-76 £000	1974-75 £000
External sales	65,561	64,508
Trading loss‡	1,653	*3,267
Share of associates	2,295	1,553
Interest charges	3,015	3,404
Loss before tax	2,713	*1,716
Tax credit	944	†556
Net loss	3,257	*2,272
Minorities	32	59
Extraordinary debits§	1,500	1,136
Dividends	462	818
Loss retained	5,251	*450

* Profit. ‡ After £1,127 (£1,065) depreciation. † Charge. § Reflects net profit on realisation of various subsidiary and associated companies and investment amounting to £3.35m., the loss on closure of the Dublin fertiliser plant, less related items £2.15m., and a provision for reduction in goodwill attributable to investments in subsidiaries £3m.

During the year the Williams Companies of Tulsa, Oklahoma, purchased 50 per cent. of the fertiliser interests. Chemists Holdings (London), the pharmaceutical *division, was sold during the year,* as were several other investments.

Since June 30 the holding in National Mine Service Company has been sold at a profit of some £3m.

Adjusted to reflect the various asset disposals completed since the year-end and the repayment of £4.1m. working capital by Goulding Chemicals *to* Fitzwilton, net current assets amounted to £7.09m. and net tangible assets £14.95m.

• comment

Fitzwilton was the Irish equivalent of the dynamic financial conglomerates which grew up in England in the early 1970s before hitting big trouble in the mid-1970s. Fortunately the associates and investments of Fitzwilton have stood up rather better than their English counterparts and after the "dash for cash" the company is left with shareholders' funds of £15.5m. It is now completely ungeared and has the appearance of a sound, unglamorous business. It consists of interests in construction, soft drinks, plastics, textiles, fertilisers and newspapers. Of these interests only the fertilisers contributed to last year's loss and the commitment there is much reduced. Net assets per share now amount to 69p compared to a *stock market price of 24p.*

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually *held* for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Alliance Investment, Ambrose Investment Trust, B.E.T. Omnibus Services, Elswick Hopper, Eva Industries, Philip Hill Investment Trust, More O'Ferrall, Tanganyika Concessions, United *Capitals* Investment Trust, Usher-Walker.

Finals—Bellway, Dawnay Day, Hensher (Furniture Trades), Kwik Save Discount, Longbourne, William Low, Safeguard Industrial Investments, United City Merchants.

FUTURE DATES

Interims—	
Alida Packaging	Nov. 11
British Borneo Petroleum	Nov. 4
Crowther (John)	Nov. 4
Inter-City Investment	Nov. 8
International Paint	Nov. 18
Minster Assets	Nov. 12
Finals—	
Allied London Properties	Nov. 5
Fundinvest	Nov. 4
Jessups	Nov. 9
Mills and Allen International	Nov. 12
Moss Engineering	Nov. 11
United Wire	Dec. 2

Mortgage option

The **Clerical, Medical and General Life Assurance Society** is introducing a new system of mortgage options designed to enable investors to adapt their existing life contracts to fit in with new mortgage arrangements.

These options, which are available to existing as *well as* new policyholders, enable investors to extend the term of existing contracts and take out new ones without evidence of health.

A particular problem with using a life policy to repay a mortgage arises if the investor takes out a new mortgage for a larger sum *which* is repaid at a later date than the previous mortgage.

The use of these options from CMG enables policyholders to use their existing contracts and take out fresh ones to repay the mortgage, instead of cashing-in the old contract and taking out a completely new one—a more expensive method.

Record Ridgway expansion

TO LIFT production levels at its Sheffield factories, **Record Ridgway**, the manufacturer of hand tools, is increasing its work force.

Mr. Mark Alexander, chief executive, says for the year ended on October 3, 1976, sales and profits are likely to show a growth pattern *similar* to that achieved in the previous two years.

The sales forecast for the current year requires a further significant increase in output, and to meet this Record Ridgway Tools, the Sheffield operating company, will be providing employment for a further 75 people, in addition to 80 taken on since the beginning of April this year.

A substantial capital investment programme which envisages expenditure of £500,000 in each of the next three years is also under way. This is to be financed from existing facilities.

McInerney on recovery trend with £212,000 midway

ANNOUNCING a turnround from a pre-tax loss of *£457,000* to a profit of £212,000 for the first half of 1976, Mr. Ambrose McInerney, chairman of McInerney Properties, Irish-based construction group with interests in the U.K. and the Middle East, says that indications point to a still higher profit in the second half.

Profit for the whole of 1975 was £83,000.

Confirming the hope in his annual statement in June that 1976 would reflect continued recovery, Mr. McInerney adds that the development of activities in the Middle East and other areas will leave the group "well placed in 1977."

Group turnover advanced from £12.71m. to £13.59m. in the six months. Turnover on private housing fell from £3.36m. to £1.5m. but turnover on contracts rose from £7.63m. to £9.99m. and on other sales from £1.7m. to £2.09m.

There is again *no* interim dividend. The last dividends totalling 6p net were paid for 1973.

In Ireland Mr. McInerney *says* that the overall level of activity in the private sector is still depressed but satisfactory progress is being made on all contracts and the projected workload for 1977 is expected to be achieved.

In the U.K. good progress is being made on existing contracts but though the group has a good *level of enquiries prices continue* to be very competitive.

The McPlan factory now in production in Qatar has obtained two housing contracts while further work has been obtained in Bahrain. Progress on all work there is satisfactory and the outlook for additional work is good.

	First half 1976 £000	First half 1975 £000	Year 1975 £000
Turnover	13,590	12,711	33,699
Private Housing	1,502	3,358	6,386
Ground rents	7	29	41
Contracts	9,988	7,626	18,462
Other sales	2,093	1,698	8,810
Pre-tax profit	212	†457	83

† Loss.

• comment

On turnover up by 7 per cent. McInerney has turned a £457,000 loss into a £212,000 profit at half-time. *The big gains have been* made in contracts, up 30 per cent., where there is a full workload for the second half and into next year. Much of this comes from local authority housing contracts in the U.K., but, as these feel the pinch of public spending cuts, the newly-formed Middle East branches should make good the *difference. Sales of the housing* division have fallen to half the level of a year ago—but little further reduction is envisaged. Top priority now is reducing the £5m short-term borrowings and this will take precedence over dividends. At 15p the market capitalisation is £1.74m.

Dolan Packaging first quarter increase

TRADING at **Dolan Packaging** for the first three months of the current year shows a significant improvement on last year but the Government's recent emergency measures make it difficult to judge whether this trend will continue, the chairman, Mr. G. Dolan says in his annual report.

Should it do so, "we will achieve a useful advancement in sales and profitability in real terms," the chairman says.

The group's liquidity is in a very healthy position, thus ensuring that adequate cash is available to meet future requirements.

Consequent upon a revaluation of the group's property on the basis of "existing-use" value, the surplus over the net book values amounting to £1.275m. has been brought into the balance sheet in order to present a more accurate assessment of the asset value of the group.

For the year ended July 3, 1976, pre-tax profits rose from £2.12m. to £2.35m. External turnover was £15.28m. (£13.78m.). Adjusted for inflation, pre-tax profits were £1.78m.

As the year progressed, the group experienced a steady, if undramatic, growth in sales volume, although the order book *remained short* throughout the whole period, the chairman says.

The results include the sales and profit of Longworth Paper and Plastics from the date of acquisition, October 16, 1975. Although sales by Longworth came up to expectation, there was a shortfall in anticipated profit due to a succession of large *increases in the price of basic raw* materials which meant there was a time lag before these increased costs could be recovered.

Mr. Dolan is confident, however, that as a result of investment in new plant which has already taken place and which is planned for the current year, the results will soon show the necessary improvement.

Previous major investment in plant and machinery is now beginning to produce the planned return with results at the papermaking subsidiary, Smith, Stone and Knight, particularly gratifying.

The chairman is also anticipating an improvement in the results of Dolan Corrugated Containers (Bristol), which suffered a setback during the recession. This unit is making slow but steady progress, but is still sensitive to market changes. Every effort is being made to establish a broader base.

Meeting, Knutsford, Cheshire, November 25 at noon.

BIDS AND DEALS

Armstrong now controls Crane's Screw

Armstrong Equipment has won control of **Crane's Screw**. Yesterday it purchased a total of 166,450 Ordinary shares in Cranes at 21p per share.

The irrevocable undertakings *already received together with the* shares purchased yesterday represented 44.9 per cent. of the capital, and 51.5 of the capital as enlarged by the exercise of the option in respect of 300,000 shares.

Armstrong only announced its terms on Monday night, having already secured the irrevocable acceptances from ICFC.

A rival offer from Benjamin Priest, which felt itself to be under pressure to increase its offer or see ICFC's stake committed to Armstrong, had attracted acceptances of 39.12 per cent. by yesterday afternoon.

Armstrong has been advised by Lazard Brothers and Priest by Henry Ansbacher.

SINGLO EXTENDS DRINK INTERESTS

Singlo Holdings has acquired the capital of **Issac Standring and Co.** for £53,650 cash.

Standring operates as a mineral water manufacturer and beer bottler and a wine and spirit merchant from leasehold premises in Rochdale, and the acquisition represents an extension of Singlo's interests in the U.K. food and drink industry.

Audited accounts of Standring for the year ended January 31, 1976 show that on a turnover of £655,000 it has made a profit before tax of £5,500. *It is anticipated* that the value of the net assets being acquired were not less than £47,111 at completion.

All previous directors have retired, but the general manager will continue to be responsible for Standring under the supervision of Mr. H. W. Dixon, managing director of Singlo's U.K. trading activities.

MAJOR HOLDER SELLS LAMPA INTEREST

With to-morrow being the acceptance day for **Royco's** 120p a share offer for **Lampa**, **Walbrook Investment Trust**, a major Lampa *shareholder*, has sold its 17 per cent. stake through the market at 125p.

A spokesman for Walbrook said that while it supported Lampa's opposition to the 120p offer it did not believe that Royco would increase its present terms and preferred to "take the money and run," particularly in view of the general market decline since the original offer was made in September.

Over the week-end, the Lampa Board issued a statement to the effect that more than 50 per cent. of shareholders, including the Board, had indicated their opposition to the bid. This was enough *to lower the share price by 5p to* 115p on Monday and by a further 4p to 111p yesterday.

SHARE STAKES

Morgan Grampian announces that Mr. G. V. Sherren has disposed of 175,000 Ordinary shares in the company to Mr. M. M. Geffen, thereby reducing his *holding* to 1,126,656 shares (11 per cent.).

Reed and Mallik states that Hamilborne has purchased 12,500 Ordinary shares in the company, and now hold 857,000.

Yule Catto has been advised by Lord Catto that as a result of a variation in the number of shares in the company held by him as a *trustee, his total holding has de*creased by 10,000 shares to 1,596,939 shares.

Mr. M. Maimann, a director of **Francis Sumner (Holdings)** has increased his non-beneficial interest by a further purchase of 510,000 Ordinary shares, making his total non-beneficial interest 28.62 per cent. of the capital.

RKT Investments has increased its holding in **RKT Textiles** to 405,270 shares. Mr. W. S. Hersham's interest in the company has accordingly increased to 2,324,606 (70.83 per cent.) shares.

Hume Holdings has been advised that Rothschild Investment Trust has bought a further 25,000 "A" Ordinary shares in Hume Holdings increasing its aggregate holding to 6,171,979 "A" Ordinary shares and 47,688 "B" Ordinary shares. Following the conversion of the 5¼ per cent. and 5¾ per cent. "B" convertible unsecured loan stock, this holding now represents in aggregate 25.95 per cent. of the "A" and "B" capital of Hume.

RANK LEISURE

Rank Leisure Services has acquired the cinema and bingo club properties formerly operated by the Jackson Withers Circuit, part of the Hodge Group and Carlyle Trust Group.

The properties comprise 14 bingo clubs, ten cinemas and two closed properties. The Jackson Withers properties, which are all in Wales and the West of England, will be taken over by Rank Leisure with immediate effect.

Brent Oilfield due to come on stream in next few days

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITAIN'S BIGGEST oil discovery, Shell/Esso's Brent Field, is due to come on stream within the next few days. Costing £1.5bn. to develop, the field will eventually meet 29 per cent. of present U.K. oil consumption.

The first production of crude will probably be pumped into the oil tanker Esso Warwickshire for shipment to Esso's Fawley refinery in Southampton.

Eventually, Brent crude will be transported via a pipeline to the Sullom Voe terminal in the Shetland Islands.

The start of the Brent Field will be regarded by the Government as an important step towards Britain's energy self-sufficiency in 1980.

The field has an estimated 2bn. barrels of recoverable oil reserves, some 200m. barrels more than British Petroleum's Forties Field.

Brent also has about 3 *trillion* cubic foot of gas reserves which, along with Frigg Field gas, will be used to feed the next stage of British Gas Corporation development programme.

Offshore loading

Oil from Brent will be pumped into platform storage compartments initially. It will be several weeks before the tanker collects the crude for delivery to the mainland.

Offshore loading of oil will continue until the pipeline is brought into action in the second half of next year.

The *reserves*, which *will* be exploited through four fixed platforms and a sub-sea wellhead system, are capable of supporting a production rate of 550,000 barrels a day.

This level of output will pr ably not be achieved before early 1980s. The product level next year should rise about 50,000 barrels a day.

The total cost of develop the Brent Field and associa facilities is estimated to £2.35bn., of which £850m. will needed to produce the gas.

Shell and Esso are still s way from agreeing state part pation in their commercial coveries—the Auk, Brent Comorant Fields.

The Energy Department hoping that *heads of agreem* will be signed by the end of month, apparently having ceded that its previous unoff "deadline" of mid-Novembe unrealistic.

Still uneasy

The oil companies have the Government and Bri National Oil Corporation they are still uneasy about s of the proposals, however. companies are particul anxious to retain the right to their oil from the fields.

Mr. Anthony Wedgwood B Energy Secretary, is keen secure *an outline* agreem before making the first offe new exploration licences next month.

He has intimated that panies seeking new acr should be willing to concede ticipation in existing finds.

It is understood that the ernment and BNOC hope to detailed negotiations with p tial licences early in Decei so that the blocks can be cated by the end of the yea in January at the latest.

Burmah petrol price up

BY RAY DAFTER

THE PRICE of petrol at Burmah's 650 stations is being raised by 3p to 4p per gallon from to-day.

The wholesale price of retail petrol has been raised by 3p a gallon for five-star grade, 2½p for three- and four-star and 2½p for two-star. The wholesale price of other fuels, including fuel oil, has been increased by an average of 4p per gallon.

Esso's decision to defer implementing its petrol price increase until the week-end indicates the strength of competition *exists* at the roadside.

The company has announ 2½p-per-gallon increase on w sale prices, which should a rise of about 3p at the p pump, when Value Added and dealer margins are adj

Esso is striving to safe its market share at a time British Petroleum, one o major competitors, is still ing the result of its price cation. It is not expected BP will implement a pric until the middle of next w

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered
—	F.P.	—	£101½	830	Amrican Med Int. Inc. ($1)	960	+20	Q24c	—
—	F.P.	—	£29	£21¾	Berry Pacific Fd US$1	£27	−½	40c	—
50p	F.P.	17/9	70	56	Borthwick (Thos.) 50p	58	......	5.5	[illegible]
—	F.P.	—	£30¼	£26¼	Dentsply Int. Inc. ($1)	£27	−½	—	—
—	F.P.	—	£31⅞	£25¼	Kemark $US1	£28⅝	−⅛	Q$1.62	—
[illegible]	F.P.	—	140	96	Tolux S.A. II	140	......	—	—
—	F.P.	—	30⅞	30⅞	Utd. Technologies US$5	£30⅞	......	Q$1.20	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price
98.5	F.P.	29/10	97½	97	Eastbourne Waterworks 9% Red. Pref. '83	97
US$98	F.P.	—	$95½	$92½	Gotaverken 8½% Notes 1983	$95
US$100	F.P.	—	LF 94	LF 94	Int. Fund of Finland 9% Guar. Notes '84	LF94
US$100	F.P.	—	$100	$99	Kockums Mek. 8% Guar. Notes 1983	$99
KD98	F.P.	—	98KD	98KD	Korea Development Bk 8½% Guar. Bonds 1979	9⅝
£94	F.P.	9/3	96½	93	Mid-Sussex Water 8% Red. Pref. 1981	93
297	F.P.	8/10	[illegible]	97	Mid-Sussex Water 14¼% Red. Deb. 1982	98
—	F.P.	26/1	103½	98½	Tate & Lyle 13% 1994-99	101
R4.10	Nil	—	2	1	Tra-Ntl Coal Op-Do-13½% Pty.Cv.UnDb1987/91	1p
298	F.P.	19/11	99¾	98	York Water 15% Red. Deb. 1984	98

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p
10	F.P.	16/10	5/11	41½	28	Armstrong Equipment	35
$A1.60	Nil	5/11	—	190	113	Bank N.S. Wales	130
115	F.P.	15/10	12/11	138	112	Black & Edgington	116

Stocks listed in the rest of the table: Bonas Webb; Brocket Hill Props.; Brown (Matthew); Brooklyn Brew.; Dunlop Hold.; Fairbairn Lawson; General Accident; Howden (Alexander); Lonrho; National Bank of Australasia; Shakespear (J.); S.A. Land & Exp.; Trans-Natal Coal; Western Mining; Woodside-Burmah. Prices for these rows: [illegible]

... payable on part capital; cover based on dividend on full capital. ... unless otherwise indicated. ... Forecast dividend: cover based on previous earnings. ... Figures based on prospectus or other official estimate ... Gross. ... Figures assumed. ‡ Cover allows for conversion of shares not now ... for dividends or ranking only for restricted dividends. ... Issued by ... Offered to holders of Ordinary shares as a "rights". ... 200 S.Afr cents. ... by way of capitalisation. ... Tender allotment price. ... Reintroduced. ... In connection with reorganisation, merger or take-over. ... Introduction. ... to former Preference holders. ... Allotment letters (or fully paid). ... Provisional ... partly-paid allotment letters. ... With warrants. ... After suspension. KD Kuwait ...

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INTL. FINANCIAL AND COMPANY NEWS

Haw Par announces textile moves

SINGAPORE, Nov. 2.

HAW PAR Brothers International has announced details of its textile division rationalisation moves, reported in the Financial Times on October 29.

According to a company statement released to-day, the loss-making Mandarin Textile factory in Hong Kong has ceased production while its 51 per cent. interest in Arkin Collections of the United States has been sold to its American partner, Andrew Arkin, for a nominal consideration.

In 1975, Haw Par's consolidated group profit and loss account showed tax losses of S$4.2m. attributable to the Mandarin textile factory and the U.S. subsidiary.

Haw Par disclosed that Mandarin Textiles incurred further losses this year, amounting to about S$2m. The disposal of Arkin Collections has also resulted in a net loss of S$188,000. These losses will be reflected in the group's 1976 accounts.

After the re-organisation, Haw Par's textile operation will now comprise five factories in Hong Kong operated by a wholly-owned subsidiary, Ying Tai (Far East), Mandarin Collections of London and the well-established "Dynasty" ladies high fashion salons in Hong Kong.

According to Haw Par, the Ying Tai factories which are involved in contract manufacturing were profitable in 1975, while profits this year are in excess of last year's figure.

Mandarin Collections of London, which also has an American subsidiary, now obtains supplies from outside manufacturers and is a purely small operation.

Haw Par's directors are optimistic that the textile division will make a "satisfactory" contribution to its profit and loss account in 1977.

Reuter

Wheelock share dealings

HONG KONG, Nov. 2.

COMMISSIONER FOR securities James Selwyn said to-day that Wheelock Marden and Co. shares could be requoted before details of potential bids for the company from Hong Kong Land Company and Hutchison International were announced.

The question of the Wheelock suspension was said to be under continuous review and it could be some weeks before the detailed bids are known. But he added: "As soon as we feel we can requote the shares, we will."

The Wheelock shares were suspended on October 22 following an announcement that Hong Kong Land and Wheelock had agreed to enter into discussions which could lead to Hong Kong Land bidding for Wheelock's entire issued share capital.

Last week Hutchison financial advisers opened formal talks with Wheelock advisers on possible merger terms.

On Saturday, the Hong Kong takeover committee met to consider a letter from the Federation of Hong Kong Stock Exchanges seeking Wheelock's requotation.

Reuter

Nissan to boost dividend after record first half

BY DOUGLAS RAMSEY

TOKYO, Nov. 2.

NISSAN MOTOR CO. made a record profit after tax of Y42bn. (£90m.) between April and September, up 28 per cent. on the preceding half-year and well ahead of the Y19bn. net income made by Nissan in the same period of fiscal 1975. As a result, Japan's second largest car manufacturer (after Toyota) is to boost the dividend per share from Y4 to Y5.

Sales exceeded the Y1 trillion mark for the first time ever; and production was up 7.6 per cent. on the previous half with a record 1,160,910 motor vehicles rolling off the assembly lines. Of these, exports and the home market took about equal shares, with overseas sales registering the biggest gains: Exports were only up 2.5 per cent. up on the October-to-March figures (when Nissan did especially well in re-stocking its American outlets), but the 561,954 vehicles exported in the half just ended represent a full 30 per cent. increase on the six months to September 1975.

Sources at Nissan disclosed that on a shipment basis, exports to the United States were down 5.2 per cent. in the period compared with the preceding half, and stood at 199,459 units. This is almost 40 per cent. higher, however, than from April to September last year.

Similarly, shipments of Nissan cars to Europe were 1.8 per cent. down (at 107,625 units) on the preceding half, but the level was still 7,000 vehicles higher than a year ago. Most of the decline was suffered in the erratic West German market which only took 6,000 cars in the period, compared with 15,322 in the previous six months.

Conversely, exports to Britain from April to September were booming in spite of the steady erosion of sterling's yen purchasing power. These shipments were 58 per cent. higher (at 45,783 units) than in the preceding period (at 28,996), although the increase looks much smaller if compared with the same six months of 1976 (up 16 per cent. at 39,363 vehicles).

According to Nissan, exports to Britain in the coming six months will trail off because of large dealer inventories, the same sort of situation as Nissan faces in the Middle East. The company also emphasises that prices to Europe and the Middle East were raised 3 to 4 per cent. across the board during the summer, and this will be a further dampening factor on sales in these regions.

Nevertheless, with total sales of Y1,002bn. for the six months to September, Nissan pulled in a recurring profit of Y75.2bn., 18 per cent. higher than the previous half when the company did so well on export account. After tax and other reductions, net income came to Y42bn., substantially higher than the Y30bn. anticipated by many analysts, and not far behind the full-year figure for 1975 (Y52bn.).

Nissan expects a repeat performance in the second half of fiscal 1976, and estimates production for the year at 2.3m. vehicles. As the company sees it, exports will be slightly up (6,000 units to 568,000) in the second-half, with domestic AR sales higher (by about 7 per cent.) than in the slow first-half. Thus, counting on higher prices of exports to compensate for some reduction in volume sales to Europe and the Middle East, Nissan hopes in fiscal 1976 to achieve a Y84bn. net profit after a recurring profit of Y150bn. That would put the company's vital statistics this year respectively at 60 per cent. and 48 per cent. better than the results of 1975.

● Hitachi Shipbuilding and Engineering Co., the third largest shipbuilder in the world in volume terms, has reported after-tax profits of Y2,334m. in first half ended September 30 against Y1,428m. in same period last year. Gross sales were Y155,548m. (Y142,476m.). The dividend is unchanged at Y2.50.

Sappi plans R80m. investment

BY RICHARD ROLFE

JOHANNESBURG, Nov. 2.

UNION CORPORATION'S pulp and paper making subsidiary, Sappi, has announced plans to spend R80m. over the next eight to 10 years to expand its Dugela mill in Zululand. The mill has present capacity of 600 tonnes per day of unbleached kraft pulp and kraft packaging papers, primarily for consumption in the corrugated container industry and among manufacturers of paper sacks and bags. The plan is to raise capacity to 1,000 tonnes per day which will be a significant quantity by world standards. The key element in the expansion is installation of a 750 tonnes per day continuous digester for production of unbleached pine pulp from local timber, replacing a number of smaller units. Supplies of timber have been assured from Kwazulu, Transkei and the group's own plantations.

The expansion will be funded by internal cash flow and facilities already arranged, with bankers and local investment institutions. At December 31 last, the date of Sappi's most recent accounts the directors reported that facilities totalling R51.5m had been secured, made up of R15m. from the industrial development corporation, R15m. from the old mutual and R7m. from Barclays to which another R10m. has just been added. There was also R14.5m. in short term loan facilities from other banks and institutions, while Sappi's own cash flow, running at R14m. last year, but likely to be lower in the current year, would make up the balance.

Sappi itself has long been controlled about 39 per cent. by Union Corporation but only recently became a 50.6 per cent. subsidiary as a result of Union Corporation's acquisition of Geduld Investments. The expansion plan is now the first development flowing from its new status.

With Sappi shares standing at 160 cents the entire company is capitalised at R43m., or little more than half the cost of the expansion programme. This is an interesting commentary on the valuation of existing assets in the stock market in relation to the cost of ongoing capital expenditure.

Banking boosts Nedbank

BY RICHARD ROLFE

JOHANNESBURG, Nov. 2.

NEDBANK Group has kicked off the season for bank figures in South Africa with an 8 per cent. rise in net profits for the year to September 30. After taxation and undisclosed transfers to reserve for contingencies, net attributable profit was up from R26.2m. to R28.4m., and earnings per share 2.5c better at 33c. The total annual dividend has been raised from 15.5c to 16.5c, which puts the shares at 175c on a yield of 9.4 per cent. This compares with a sector average of 10.5 per cent.

Nedbank includes the merchant banking activities of Union Acceptances and the trust administration group, Syfrets, both of which were merged with the original Nedbank commercial banking side three years ago. In the meantime, the banking side has emerged as the top profit earner, estimated to account for 70 per cent. of total group profits. Participation bonds, portfolio management and trust operations have been under distinct pressure in the intervening period and the main advantage of the merger with UAL-Syfrets, from Nedbank's point of view, has been that the resulting widening of the capital base has enabled it to be the only banking major in South Africa to avoid a rights issue in the past two years.

With current high interest rates, customer loan demand is relatively weak. But the Board says that despite these conditions, plus rising operating costs, group companies generally increased profit margins. The annual report, due on November 22, will no doubt be more explicit about prospects for the current year. But the share price, which recently touched a new low, is discounting a downturn in earnings.

EUROBONDS

New bond issues at peak level

BY TONY HAWKINS

NEW ISSUES of international bonds increased 58 per cent. in the first ten months of this year to reach a record $23.9bn., according to figures compiled by Morgan Guaranty Trust of New York. With two months' figures still to come this is already 20 per cent. higher than the 1975 total of $19.9bn.

About half of this total is classified by Morgan Guaranty as Eurobond issues, which were worth $11.7bn. over the period compared with $7.2bn. in the similar period last year and $8.6bn. during the whole of 1975.

But with new issues of only ...m., October was the quietest month on the international bond market so far this year. Eurobond issues in October amounted to $588m., which was well below the monthly average for the year of $1.2bn.

Morgan Guaranty classifies foreign bond issues as those underwritten by an international syndicate and sold principally in countries other than the country of the currency in which the issue is denominated. International bond issues, however, are those sold outside the country of the borrower and may be classified either as Eurobonds or foreign bonds.

Dollar issues continue to dominate the Eurobond sector with 62 per cent. of the total, followed by deutschmark issues (19 per cent.) and Canadian dollar issues (11 per cent.).

Meanwhile, in the Swiss franc sector of the Eurobond market, the European Coal and Steel Community is to raise Sw.frs.80m. with the issue of 15-year bonds. Coupon and price will be announced later.

In the secondary market prices improved by about ¼ on speculation of a Ford victory in the U.S. elections. A continued Republican Administration is felt to be good for both the bond and U.S. equity markets in the near term.

In addition, recent developments in the Eurobond new issue sector appear to be having positive repercussions in the secondary market.

The terms of the New Zealand $100m. ten-year issue with its 8½ per cent. coupon have revived investor interest in already listed issues such as the 8½ per cent. Australian paper available at 100½. The decision to cut the coupon for the CNR issue was also thought likely to have led some investors to withdraw their support for this new issue and look again at the secondary market. Similarly, the pricing of Pancanadian at a premium (100½) makes existing stocks look more attractive as well. As one dealer puts it, recent developments in the new issue market have tended to have negative implications for the primary market but positive repercussions in the secondary market.

BONDTRADE INDEX

	Tuesday	Friday
Medium	101.60	101.56
Long	93.33	93.35
Convertible	105.09	104.93

(Monday: closed)

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
9½pc 1988	104	104½
...a 8½pc 1991	93½	93⅞
...r 9½pc 1986	103½	104½
Nat. Auto. 9½pc '81	100	100½
...½pc 1995	101½	102
...rk 8½pc 1984	98½	98⅞
...½pc 1986	102	102½
...½pc 1988	99½	99⅞
...9½pc 1985	103	103½
...½pc 1986 Nov.	102½	103½
...a 8½pc 1983	101½	102½
...s 9½pc 1985	102½	103½
...anada 9½pc 1986	104	104½
...Ferguson 9½pc 1991	104½	105
...n 9½pc 1986	101½	102½
...8pc 1986	99	99½
Westminster 9pc 1986	99½	100
...idland 9½pc 1988	100½	101½
...e 9½pc 1986	102½	103½
...Hydro 9½pc 1991	100½	101½
...pc 1988	101½	102
Quebec 9pc 1984	103	103½
...Hydro 8½pc 1986	98½	99½
...k 8½pc 1986	101½	102½
Saskatch. 8½pc 1986	101	101½
...Oil (Ind) 8½pc 1986	104	104½
...a. Randels 9½pc 1986	103½	104
...9½pc 1985	104	104½

NOTES	Bid	Offer
Australia 8½pc 1983	101½	102½
Bank of Tokyo 8½pc 1981	102	102½
British Gas 9pc 1981	101	101½
Denmark Mort. Bk. 9pc '83	101½	102
ECS 8½pc 1981	102	102½
EEC 8½pc 1982	100½	100⅞
Michelin 8½pc 1983	100	100½
Montreal Urban 8½pc 1981	100⅞	101½
Nacional Financiera 10pc '81	102½	103½
Natl. Coal Board 8½pc '81	100	100⅞
N. Brunswick Prov. 8½pc '83	102½	103
Seagram 9pc 1982	104½	105

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	83	84
Ashland 5pc 1988	82	84
Beatrice Foods 4½pc 1992	100½	102½
Beatrice Foods 4½pc 1992	114	116
Borden 5pc 1992	100	102
Broadway Hale 4½pc 1987	79	81
Canon Camera 7½pc 1989	106	
Carnation 4pc 1987	83	84
Chevron 5pc 1988	114	116
Dart 4½pc 1987	96	98
Eastman Kodak 4½pc 1988	104½	106½
Economic Labs. 4½pc 1987	78	80
Fed. Dept. Stores 4½pc '85	111	113
Firestone 5pc 1988	86	86
Ford 5pc 1986	96½	98½
Ford 5pc 1988	85	87
General Electric 4½pc 1987	82	84
Gillette 4½pc 1987	75½	77½
Gould 5pc 1987	100	102
Gulf and Western 5pc 1988	91½	93½
Harris 5pc 1992	94	96
Honeywell 6pc 1986	82½	84½
ITT 4½pc 1987	78½	80½
Komatsu 7½pc 1990	102	103½
J. Ray McDermott 4½pc '87	147½	149½
Mitsubishi Elec. 7½pc 1991	104	105½
Mitsui 7½pc 1990	101½	103
J. P. Morgan 4½pc 1987	112½	114½
Nabisco 5½pc 1988	94	96
Owens Illinois 4½pc 1987	107½	109½
J. C. Penney 4½pc 1987	83	85
Pioneer 4½pc 1989	262	
Raymond 8½pc 1988	105	106
Revlon 4½pc 1987	110	112
Reynolds Metals 5pc 1988	87½	89½
Sperry Rand 4½pc 1987	95½	97½
Squibb 4½pc 1987	78½	80½
Texaco 4½pc 1988	78½	81½
Toshiba 6½pc 1990	104	105½
Union Carbide 4½pc 1982	108	110
Warner Lambert 4½pc 1987	95	97
Warner Lambert 4½pc 1988	80½	82½
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Assumptions challenged by Dutch company survey

BY MICHAEL VAN OS AMSTERDAM, Nov. 2.

A DUTCH Economics Ministry survey of most of the large Dutch-based multi-national companies suggests, inter alia, that when it is decided to invest abroad, low wage costs in the countries in question do not in fact play a major role in the decision-making process.

Other popular assumptions are also dealt with in the survey of 37 companies. It asserts that the possibilities of dodging taxes by making profits in countries with low tariffs are extremely limited: that no environmentally-unkind production installations are being transferred to developing countries and it claims that the companies' social policy in the various foreign countries is at least as good as those of the local companies.

The companies surveyed said that the prime reasons for establishing subsidiaries outside Holland was the restricted size of the Dutch market. Other reasons are import restrictions, high transport costs and the availability of raw materials. *And, whereas the level of wage* costs is claimed to be of secondary importance, economic, political and social stability are becoming increasingly important in the process of choosing where to settle.

In all, 37 companies have co-operated in the survey by the Economics Ministry out of the 58 approached. All have their head offices in Holland and in addition establishments in at least three countries while their sales has exceeded Fls250m. in 1973.

As Holland's six largest companies were included in the 37—this group accounts for 80 to 85 per cent. of the 37 companies in terms of sales and employees—*the Ministry regards the outcome* of the survey as "representative." Although no company names are given in the survey, which was carried out in 1975 and submitted to Parliament in the Hague recently, it is obvious that the six referred to are Royal Dutch Shell, Unilever, Philips, Akzo, Hoogovens and KLM.

SWISS BANKING

Volksbank cuts fund dividend

BY JOHN WICKS ZURICH, Nov. 2.

THE SWISS VOLKSBANK of Berne, announces a reduction in the dividends of its three affiliated international security funds Eurac, Pharmafonds and Automation-Fonds for the busi-*ness year ended September 30.*

Although all three funds benefited from the generally favourable stock market conditions over the period and Swiss holdings were expanded for exchange rate considerations, *earnings suffered from the con-*tinued appreciation of the Swiss franc against other currencies, while income from liquid assets was also much lower than in 1974-75 owing to the sharp drop in interest rates.

The dividend of the general European and North American security Fund, Eurac, is cut back to Sw.Frs.10.60 (Sw.Frs. 11.80) for the year, that of the pharmaceutical share fund, Pharmafonds, to Sw.Frs.4 (Sw.Frs.4.80) and the dividend for the fund for shares of industrial automation and office equipment undertakings, Automation-Fonds, to Sw.Frs.2.20 (Sw.Frs.3.20).

The Union Bank of Switzer-land, based in Zurich, anticipates satisfactory results for this year as long as there are no major changes in business in the current fourth quarter.

The bank reports that a decline in interest earnings due to shrinking margins has been compensated for by a gratifying development in commercial commissions and securities earnings. In the past quarter, foreign-exchange and *precious-metals* business has shown results corresponding to the bank's "cautious expectations."

As of September 30, 1976, total assets of the UBS were of Sw.Frs.49.11bn. compared with Sw.Frs.47.29bn. at the end of last year.

*

The Lugano Bank, Banca del Gottardo is from November 2 to 8 to float a domestic loan of Sw.Frs. *30m., the proceeds of* which will be used to finance long-term active transactions. The bonds, which will be listed on the Zurich, Basle, Geneva and Lausanne exchanges, will have a 5¼ per cent. coupon and be offered at 101 per cent. Maturity is 12 years.

Dai-Ichi Kangyo Bank (Switzer-land) has been set up in Zurich as a subsidiary of the Japanese bank of the same name, it was announced to-day. The articles of association foresee a wide range of banking and allied activities and permit participation in domestic and foreign companies. Initial capital is of Sw.Frs.40m.

New loan for Girozentrale

BY PAUL LENDVAI VIENNA, Nov. 2.

LISTS OPEN here to-morrow for a Sch.500m. loan for Gironzentrale, the central institute of the Austrian Savings Bank. The director general and chairman of the board, Dr. Karl Pale, told a Press conference to-day that including a DM100m. loan, floated by a consotrium headed by the West Deutsche Landesbank, which was heavily oversubscribed, Gironzentrale this year has issued loans totalling Sch.2.2bn.

Since 1969 Gironzentrale had raised just over Sch.5bn. through so called saving bonds loans, Sch.4.3bn of which were still in circulation. He added that Gironzentrale was in a position to provide long term finance for industry, municipalities and the savings banks.

The new loan, with lists open until November 5, is issued in *two tranches. Tranche A is for* 15 years at 98.5 per cent. and Tranche B for ten years at the same issue price with a coupon of 8 per cent., thus both yielding 8.28 per cent. per annum. However Tranche A can be subscribed to under the system of fiscal privileges in force only until the end of this year. This means that every Austrian is allowed to buy Sch.100.000 worth of bonds annually and the state provides 15 per cent. of the issue price provided the bonds are not sold before maturity. In the case of Tranche A this means an annual yield of 11.6 per cent.

About one third of the bond issues so far floated by the *Girozentrale were bought by* investors who availed themselves of the fiscal concessions. It was also announced that the DM100m. loan whose final issue price will be fixed to-morrow, was floated in two tranches; DM60m. for five years with a coupon of 7½ per cent. and DM40m. for seven years with a coupon of 7¾ per cent. Turning to the liquidity situation Dr. Pale said that the liquidity reserves this year would be sufficient but the situation would be less favourable in 1977.

'Normal' Christmas will satisfy Karstadt

By Adrian Dicks BONN, Nov. 2.

KARSTADT, West Germany's largest department store group, told shareholders to-day that it is counting now on a "normal" Christmas shopping period to conclude the year's trading with a satisfactory result.

In a letter reviewing Karstadt's results during the first nine months, the Board reported an increase of 2.5 per cent. in group turnover compared to the very slow business conditions of 1975. This brought turnover to DM5.38bn. £1.4bn.).

Within this total, Karstadt stores accounted for DM4.58bn., up 1.9 per cent. from last year, while travel business remained unchanged at DM134m., leaving only the group's warehouse sales division to show a more rapid increase in turnover of 6.3 per cent. to a new level of DM800m.

The Karstadt Board pointed out, however, that four new stores have been added to the group's chain this year, at Hattingen, Memmingen, Moenchengladbach-Rheydt and Deggendorf. *A fifth is to open* shortly at Cologne-Chorweiler while a sixth store in Berlin is being enlarged.

At the end of this year floor space in department stores will reach 811,000 square metres.

As a result, the Karstadt Board points out interim results this year lay well behind those of 1975, achieved with a smaller floor area. No details of this year's profit performance so far was released however.

The Karstadt Board also stated that it is still awaiting the decision of the Federal Cartel office on its proposal to take a DM140m. stake in Neckermann, the troubled retailing and mail order group.

Karstadt offers no extensive forecast for the remainder of 1976, beyond expressing the hope that Germans will do more Christmas shopping this year than they did last. However, the group offers no sign that it has done any better than its competitors in a year that so far has seen the overall increase in consumer spending almost entirely confined to the motor trade.

Lafarge doubts

PARIS, Nov. 2.

CIMENTS LAFARGE, cement *producers* reports first half earnings of Fr.25.5m. (Fr.6.2m.). The company does not expect similarly favourable results for all of 1976, because the slowdown in activity and the price freeze.

● Galeries Lafayette, announced a loss of Fr.16.9m. (loss Fr.9.8m.). AP-DJ.

MERCK JUDGEMENT

Pointer for GKN

BY A. H. HERMANN, LEGAL CORRESPONDENT

GKN IS BOUND to be very pleased by the full text (now published) of the judgement by which the German Federal Supreme Court allowed the appeal of Merck against the price-cutting order made by the Federal Cartel Office in respect *of vitamin B-12 products.* The appeal against the Cartel Office decision prohibiting the acquisition of Fichtel and Sachs, the leading German maker of motor car components, by GKN will be heard by the Berlin Appeal Court (Kammergericht) on November 24.

Until now the crucial legal issues of this appeal were hotly contested in learned journals and the German business Press. These issues concern the *notion* of "paramount market position" in relation to market dominance and how the importance of financial power is to be assessed in connection with market dominance and its abuse. The German industry opposed the extensive interpretation of the law by the Cartel Office but neither side could be certain of its case as these issues were not yet tested in courts.

The Karlsruhe judges (Fed. Supreme Court) have now given their definition of the paramount market position. It was the position of an enterprise which still had to face competition on the market but had a much stronger position on the market than its competitors. The court agreed with Cartel Office that the Competition Act 1973 provided in this way an alternative to *dominant position—when there* is no substantial competition—as a justification for the authorities intervention against abuses and mergers. However, the court proceeded to make it not too easy for the Cartel Office to rely on this favourable definition. It said that not only the structure of the market and relative strength of the competitors but also the actual market conditions on which competition depends must be taken into consideration.

Favourable

This ruling is likely to create a favourable situation for GKN and Sachs which will be able to argue that the competition in the German market for clutches—on which the Cartel Office ban of the merger is based—does not depend so much on the relative strength of the competitors as on the motor-car manufacturers *who would not allow any of them* to recover the costs of a price battle waged for ousting the other from the market.

Moreover the Court went on to say that not only actual but also potential competitors have *to be taken into account. It is* clear that the motor-car manufacturers could be seen as a sort of potential entrant as they could start in-house production of clutches, but failing that argument GKN lawyers are in for a dilemma: they must have been tempted so far to argue that the additional strength resulting from the combination of GKN and Sachs skills, *resources* and markets will not operate against the entry of potential competitors, simply because none is free to enter the market.

However, the greatest help *provided to the GKN case by the* Merck decision is probably to be seen in the ruling which concerns the importance to be given to financial strength when considering market dominance. The Cartel Office took financial power to be a decisive factor establishing dominance and consequently justifying a prohibition of the GKN/Sachs merger. In its Merck decision the Supreme Court now said that financial strength can *be taken as an indication of* market dominance only if the financial power can be actually deployed under the prevailing conditions of the market—it is not to be taken as an abstract and isolated factor creating the *presumption of dominance.*

This opens to GKN the possibility to argue not only that Sachs alone would have had the same access to finance for worthwhile projects of expansion but also that in the particular situation any *additional* financial strength will not operate against competitors. There is no great need for further research and investment, and in the face of the strong buyers' hand in this market it cannot be expected that a profit-minded enterprise will engage in price battles.

IRI parent losses swell to L131bn.

By Tony Robinson ROME, Nov. [illegible]

IN SPITE of the recovery [illegible] industrial activity which characterised most of 1976, [illegible] meccanica, the IRI holding [illegible] pany which controls 46 engi[illegible] ing companies, has reported [illegible] increased loss of Lire 131bn. [illegible] turnover up 40 per cent. to [illegible] 1,377bn., in the financial [illegible] ending June 30. It has thus [illegible] confirmed as one of the wea[illegible] links in the extensive range [illegible] State-controlled industries.

In the financial year 1975 [illegible] group lost Lire 80.3bn. on [illegible] over of Lire 985bn.

One of the biggest loss m[illegible] was the aerospace com[illegible] Aeritalia, which managed to [illegible] no less than Lire 56bn. on [illegible] over of Lire 141bn., a lev[illegible] losses which led Fiat to pu[illegible] of this formerly 50-50 [illegible] venture.

Another major loss area [illegible] Alfa Romeo and Alfa Su[illegible] *group*, due in large part t[illegible] extremely low productivity [illegible] Alfa Sud plant near Naples [illegible] has caused virtually uncon[illegible] able cost increases and [illegible] difficulties causing the com[illegible] to lose ground heavily bo[illegible] the Italian domestic and [illegible] markets.

AMERICAN NEWS

ARCO to sell uranium stake

BY STEWART FLEMING NEW YORK, No[illegible]

IN AN EFFORT to side step *some of the objections which the* U.S. Government's Federal Trade Commission has raised against its $750m. takeover of Anaconda, The Atlantic Richfield Oil Company has agreed to sell its uranium interests to U.S. Steel for $50m.

Yesterday in New York shareholders in Anaconda, the country's third largest copper producer's voted overwhelmingly to approve the merger with ARCO, in spite of the pending anti-trust objections from the FTC.

A hearing on the FTC suit in which the Commission is seeking a preliminary injunction to halt the merger, is scheduled to take place later to-day. Among the objections which the FTC raised to the ARCO Anaconda merger was that it would lessen competition and restrain trade in the production of and sale of uranium oxide and refined copper. Anaconda is a major holder of U.S. uranium reserves. By selling its own uranium interests ARCO clearly hopes to eliminate the objections to the *merger which revolve around* each companies' uranium interests.

U.S. Steel already owns a 25 per cent. interest in the uranium properties involved in the transaction and is purchasing ARCO's 50 per cent. interest.

Wells Fargo Fund plan

Financial Times Reporter

WELLS FARGO Investment Advisors, a division of the Wells Fargo Bank, is thinking of setting up an International Index Fund, which would cater mainly for U.S. pension funds but would also be open to inter-*national institutional investors.* At the present time there is no fixed introduction date for this fund, but the Bank has decided that it should be international rather than on a country-by-country basis which was originally envisaged.

Index funds, based on the idea of running a fund which invests across-the-board in a selected stockmarket index, have gained considerable ground in the U.S. investment field especially in the pension fund area. Wells Fargo Bank set up a pioneer index fund in 1971 and in July this year its S and P 500 Fund amounted to $211m., spread over 488 issues held in proportion to *their capitalisation weightings.*

Reliance underwriting

By Eric Short

THE COMBINED insurance operations of Reliance Group, leading insurance and management services group in the U.S., produced a pre-tax profit of $14.9m. compared with $5.8m. in the third quarter of 1975. Combined insurance revenues in the *quarter were 16.5 per cent.* higher at $223.7m.

The substantial increase in operating profit was primarily attributable to the continued improvement in property and casualty underwriting results, a 28 per cent. rise in net investment income and better results from the title insurance operations.

Mr. Saul P. Steinberg the group chairman, stated that despite this improvement, the insurance industry would require additional premium rate increases for the rest of the year and in 1977 in order to keep pace with rising claim costs.

*The Group was actively seek-*ing new business so long as it was adequately priced and this meant that class rated personal lines would also require substantial rate increases.

He emphasised that the insurance industry must continue to seek the elimination of prior approval in setting rates. Competition would ensure that the consumer could get the best insurance product giving the best protection at the lowest price.

Eastern prospects

Frank Borman, president and chief executive officer of Eastern Airlines, questioned the aircraft *industry's current push to deve-*lop a new commercial jet for the airlines.

During a securities analysts' meeting here, the Eastern executive also predicted the airline would report record earnings of over $2 a share this year, compared with a loss of $49.7m. on revenue of $1.6bn. last year.

Inquiry dropped

THE CANADIAN Government said that an inquiry into certain marketing, distribution and other practices of Kodak Canada has been terminated, reports Reuter from Ottawa.

The inquiry, resumed in July 1974, dealt mainly with colour reversal film used for slides and movie film.

Robert Bertrand, Director of Investigations of the Combines Branch, said the decision to terminate was made following a *formal undertaking by Kodak to* grant non-exclusive licences for the processing of Kodachrome film to qualified processors, subject to the negotiation of reasonable royalties.

Lockheed earnings

LOCKHEED Aircraft Corp. had net earnings of $9.1m. for the third quarter, down $3.6m. from a similar period last year, the company said yesterday.

The earnings equalled 75 cents per primary share. Third quarter earnings in 1975 were $12.7m. or $1.06 per share.

Lockheed attributed the lower rate to a change in accounting in the L1011 Tristar programme.

Suit dismissed

A MAJOR portion of a U.S. anti-*trust lawsuit against five of the* nation's largest drug manufacturers has been dismissed by a Federal Judge, reports AP-DJ from Minneapolis.

U.S. District Court Judge Miles Lord dismissed one of three counts filed in 1969. If upheld the dismissal will [illegible] from $203m. to about [illegible] damages involved.

The three major drug fi[illegible] volved are American Cy[illegible] Charles Pfizer Inc., and [illegible] Meyers.

CANADIAN PACIFIC

Third Quarter	1976 $
Profits	51.7m.
Per Share	0.71
Nine Months	
Profits	124.6m.
Per Share	1.71

GREYHOUND CORPN.

Third Quarter	1976 $
Revenue	952m.
Profits	26.4m.
Per Share	0.61
Nine Months	
Revenue	2.8bn.
Profits	58m.
Per Share	1.33

Innocenti may break even this year

TURIN, Nov. 2.

SIG. ALESSANDRO de Tomaso, who took over the loss-making Innocenti motor firm from British Leyland earlier this year, *has said the firm will break even* at the end of this year.

A large measure of this success belongs to the workers, Sig. de Tomaso said. He added that the company's absenteeism had been *brought down to 1.6 per cent.* from near 18 per cent. for the firm under British management. "The workers have come to understand—because we always talk to them frankly—that I am in this to make money, and if they cannot guarantee that my investments will make money, I don't invest," he said.

He also said that he could use far more of the knocked-down kits that he currently buys from British Leyland. Current Innocenti production, with a body slightly different from the one used by British Leyland, is over 190 units a day, or almost 70,000 a year, but BL has only agreed so far to supply 40,000 kits a year.

Sig. de Tomaso said that talks were going on to increase the supply of kits, but that no decision had been made yet. *Sales, at between 170 and 180* units a day, are keeping pace with production.

The BL kits include the motors, transmissions, suspension systems and brakes. They constitute about 30 per cent. of the value of the car, which is made in 900 and 1,200 cc models.

FINANCIAL TIMES SURVEY

Wednesday, November 3 1976

Switzerland

By using the market system the Swiss have arrested inflation at home, but they do worry that their democratic checks and the balances could make their society too rigid.

/orried ith ttle ıuse

W. L. Luetkens

…T THE good news: the … have brought inflation …v a rate of 1 per cent. …ally; they have no unem…nent worth mentioning; … franc is strong; they have …mocratic system of checks …balances; they are working … an improved system of …omic management; they are …g to bring their constitu… up to date.

…w the bad: Swiss prices …ar sky high, not only to the …r with sterling in his …et; up to 200,000 jobs have … "lost" by the exodus of …ant labour and the retreat …any Swiss from the active …r force; industry and the …liers are groaning under …effects of the high exchange … upon their business with …gners; the checks and …ces are so awkward that … I of the economic management system was voted down in a referendum, and Mark II could also be defeated, the revision of the constitution might go the same way.

Before going any farther one ought to note that to an outsider the good news looks a good deal more impressive than the bad: beef may cost something in the region of £4 a pound, but people *do* not look as though they have to starve or live on potatoes; and the political system is not on the verge of collapse. If some Swiss are beginning to mutter that the country appears to be becoming ungovernable, then one might be inclined to ask them why, given all the good news, they worry so much. But of course, the fact that things have worked so far, does not necessarily mean that they must go on doing so.

So it is worth examining a little more closely what has made the country tick so far. The state of the economy is dealt with elsewhere in this *Survey, but is so central that it* must be considered here in more general terms. To take inflation first: why is it that in Switzerland the classic ideas seem to have worked? A recession, admittedly steep though by no means disastrous; a rising exchange rate, and—hey presto —*the inflation rate went down.* The reason is simple: it was allowed to go down. Economic processes were, on the whole, given their chance.

Neither the Government nor the National Bank was too impressed by complaints from industry about the rise of the franc. Given the great dependence of Switzerland upon imported raw materials and semi-manufacturers, that did enable the domestic price level to be kept down (though not, of course, export prices expressed *in other* currencies). In turn, that made it easy for the trade unions to be most modest in their wage demands—in some special cases they did not even ask for real wages to be maintained. Here they were helped by the fact that more than half the lost jobs had belonged to *migrant* workers who were sent home. Not, perhaps, the most charitable course, but they do retain any pension rights they have acquired in Switzerland, and in their own countries many among them would have been unemployed even during the fat years.

Political

So much for the economy in broad outline. On the political side matters are more complicated: there is no simple corrective mechanism. What worries many Swiss is that their system of direct democracy will in due course paralyse their society, or at any rate leave it at the mercy of special interests, local and otherwise, which, for instance, have left an ugly pall of speculative building over large tracts of the Swiss lowlands.

On the credit side, the system has coped, however, slowly, with the wish of the French-speaking north Jurassiens to have their own canton, separate from German-speaking Canton Berne—even though that particular battle is not yet quite over. In the past it did lead to a restrained form of terrorism, though the bombs killed nobody.

In its purest form direct democracy means assemblies of all the citizens, still held in several cantons, to decide upon legislation. All but one have in the meantime thrown open the *assembly to women* as well. Direct democracy also means assemblies of the voters of communes where everyone can stand up for his interests, but in practice the absent or the sleepy may be outmanoeuvred by the bigwigs and the pressure groups. In its federal form, for the whole of Switzerland, direct democracy means that with 30,000 signatures you can propose an amendment to the constitution which must then be submitted to a plebiscite. There are 18 in the pipeline, including one to ban cars from the roads on 12 Sundays a year, and another to bring in the 40 hour week. The trade unions are rather incensed about that one, since the sponsors appear to have forgotten to write in that wages paid for the 40 hours should not be less than those paid for the 44 hours worked now.

With 50,000 signatures to a petition you can force a referendum to quash any law passed by the parliament. That technique was used successfully some years ago to end retail price maintenance in the case of cigarettes. It was used also to vote down, by the slimmest of margins, proposals to give the federal authorities power to dampen down economic activity in times of boom. Powers to reinflate were created 40 years ago and have been used against the current recession.

What happened after the referendum went wrong is quite instructive. The parliament gave the Government emergency powers against the boom which were limited to two years —long enough to see out that particular phase of the business cycle. In the meantime it is producing a toned down version *of its original proposals, to be* submitted to another referendum. Interestingly enough they contain an enabling power to allow the Government during boom times to order business to set aside reserves from taxed profits which could be released as a "make work" measure in *a recession.* The tax would then be refunded. That may be a long way from official controls over investments, but it is an interesting sign of a trend towards more government, even in Switzerland. Whether that particular proposal will find grace with the electorate is another *matter.*

The authorities in Berne are rather more bothered about what the electorate will do to the changes now being worked out to the federal system of taxation, including the introduction of a Value Added Tax. Growing welfare measures, such *as the introduction of compul*sory unemployment insurance this year, coupled with an erosion of customs revenues as a result of membership in GATT and Efta, and of free trade with the EEC, have thrown the federal budget into a structural deficit, rising to Sw.Frs.3.8bn. by 1979. The tax proposals are supposed to mend that.

The Government threw in a sweetener, by proposing to increase personal allowances, which would reduce the income tax payable by those of lower incomes. Not that the rich will be soaked: the end effect would be to raise the maximum (not marginal) income tax, including local income taxes, to about 50 per cent. on incomes above Sw.Frs.200,000 a year from about 47 per cent.

Overall, the Government proposals would raise taxation. Now, there are vouched for cases of the Swiss having voted themselves *higher* taxes in a plebiscite, but evidently the procedure is dicey. The conservative (in the widest sense of that word) majority may be of the opinion that the Govern*ment would do better to econo*mise, and the system does favour the conservative rural cantons since, for an affirmative vote, you need not only a majority of the votes, but affirmative votes in a majority of cantons.

In the parliament there is a similar discrimination against the populous industrialised regions since, in the so-called Chamber of the Estates (which has equal rights with the National Council, the other chamber) all cantons except four small so-called half-cantons are equally represented. As a result the Socialists, the largest party, in the last election, garnered 55 of 200 seats in the National Council, but only five of 44 in the Estates.

Traditional

Take the referendum system in an eminently conservative country and the additional conservative bias in the two-chamber parliamentary system—add the fact that coalition Government is traditional, and that the coalition of Socialists, Radicals, Christian Democrats, and Christian People's Party looks permanently established, and you can see why change is hard to bring about. Political frustration easily builds up under such circumstances. A left-winger's book attacking Swiss capitalism, the banks, *and the* transnationals has become the best seller in German and French speaking Switzerland: he has struck a chord in a national temperament given to introspection. He is to some extent the reverse side of the medal whose obverse is in the so-called xenophobic parties which enforced a running down of the numbers of foreign workers in Switzerland even before the recession, and which were also very critical of banks and transnationals as being a danger to Swiss particularism. Present indications are that they have passed their peak—they lost six of 12 National Council seats in last year's general election. But a sort of *poujadisme* is latent and the system does favour it to some extent.

For the moment, however, the malaise felt so strongly about the *banks some two or three* years ago seems to have subsided. At that time there was a widespread feeling that Zurich was a financial centre so large and international that it was dragging Switzerland into the vortex of international inflation and other evils. Less is heard of that now, though the monies involved, in so far as they are known at all, are huge. At the end of 1975, the Swiss banks had foreign assets, excluding securities, of Sw.Frs.121bn., and foreign liabilities of Sw.Frs. 96bn. Accumulated long-term capital exports by that time totalled Sw.Frs.63bn. Given the relatively small size of the Swiss economy, these are huge amounts, and at times of difficulty the popular tendency to retreat into one's shell, which is not exclusively Swiss, will revive *the argument about* banks and bankers.

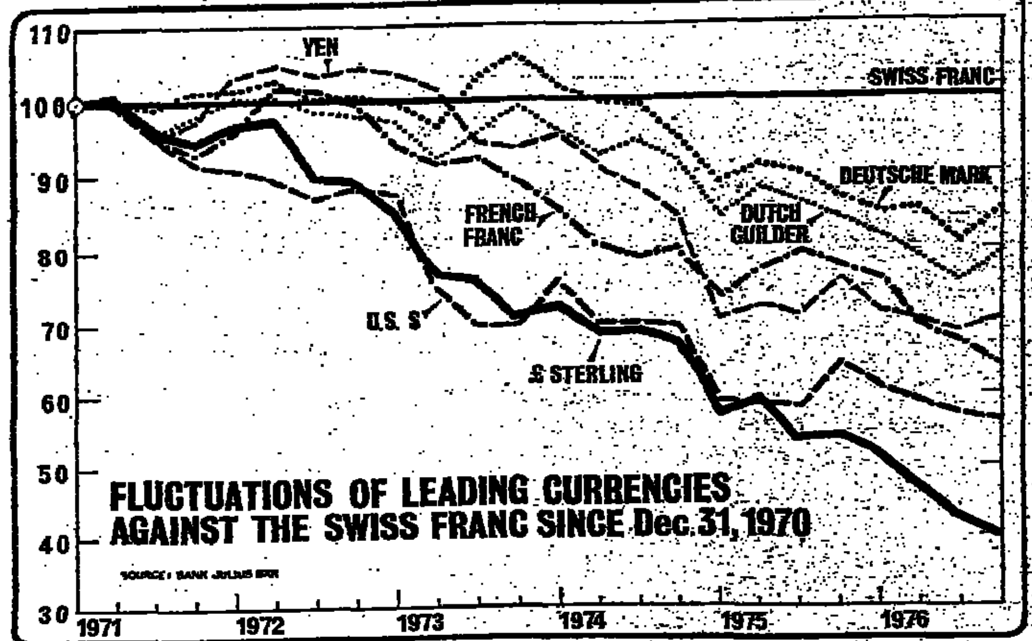
The Swiss speak of a "redoubt" mentality, referring to the redoubt into which their army planned to retreat if attacked during the last world war. It asserted itself recently when a referendum refused to sanction a Government credit to the International Development Authority.

Commission

It would probably do so again if the electors were asked whether Switzerland should join the UN. The Government is almost certainly not going to put that question for some years yet, even though an independent commission which it had appointed reported in favour. Of course, all are agreed that Swiss neutrality must be preserved—something which the ideologically motivated majority at the UN may find repugnant. But what is one to reply to the argument that if there should be another world war, when the radioactive dust settles there must be one spot on earth where the survivors could meet to talk things over?

And what is one to say to those who argue that in spite of the clumsiness of the system, in spite of the never-ending checks and balances, Switzerland has remained humane; has coped with recession; it slowly moving towards more welfare; and though seemingly ungovernable is really rather well run?

Economic order



FLUCTUATIONS OF LEADING CURRENCIES AGAINST THE SWISS FRANC SINCE Dec. 31, 1970

SOURCE: BANK JULIUS BÄR

THE SWISS have just announced that their cost of living fell by 0.2 per cent. in September and that the inflation rate is down to 0.9 per cent. a year. But before applying for an immigration visa (which would probably be refused) it is as well to know that in a compensating movement the Swiss Franc has risen more quickly than even the West German Mark. The internal purchasing power of the franc may have been stabilised: but the external value has shot up—which is another way of saying that a foreigner buying Swiss goods with his own money may find them decidedly pricey.

The full extent of this process can be deduced from the fact that the trade weighted appreciation of the franc since the Smithsonian agreement of 1971 is around 60 per cent. Exporting industry is groaning under the impact, and so is the hotel trade. Given the fact that foreign demand accounts for one-third of Swiss GNP, that is a problem not to be overlooked.

Ledger

On the other side of the ledger one must list in the first place the stabilised internal prices, which made it possible to keep the advance of wage levels to something like 2 per cent. this year, and to reduce interest rates—another important element in the costs of industry. These are very real achievements, made possible at least in part by some well established characteristics of Swiss economic conduct: the traditional parsimoniousness of the people at large and the co-operative attitude of the trade unions.

The argument may never cease as to how co-operative trade union leadership should be in a capitalist or mixed economy. But a real wage increase of 2 per cent. in a recession year and an unemployment quota of 0.4 per cent. are arguments that do take some answering. Fortunately for the competitors of Switzerland it was not done by magic or national character alone: the Swiss, in a not very endearing phrase, were able to "export" unemployment.

To be more precise, they "exported" a large number of potentially unemployed foreign workers — *Italians, Spaniards,* Turks and so forth — who had permanent or seasonal jobs in Switzerland during the boom years years ended in 1974. The big exodus took place in 1974 when the number of foreign workers (including seasonal workers and "commuters" across the frontiers) fell by 110,000. The process continued this year at a reduced rate, but there still are 650,000 left. Altogether the resident foreign population, including dependants, amounts to almost 1m. in a population of about 6m.—a most unusual state of affairs.

Besides the foreigners who left, about 40,000 Swiss retired and 40,000 others — mainly women and part-time workers—ceased work without drawing *unemployment benefit. (Unemployment* insurance was not compulsory in Switzerland before this year.) If one adds on the increase of unemployment from almost nothing at the end of 1974 to 18,000 now, one is left with a rough count of 200,000 jobs "lost" since the boom expired.

That figure makes credible the 8 per cent. real contraction of the Swiss GNP last year, the greatest recorded in any country of the OECD. Expected growth of 1 per cent. to 2 per cent. this year and next will not make up for the setback. The Swiss, therefore, had to pay for the recession like everybody else, but there were certain reserves to reduce the impact.

Undoubtedly the industry worst hit is construction, but it cannot be gainsaid that this industry had outgrown its strength (or rather that of the economy) when the bubble burst. The record output of 84,000 dwelling units completed in a year in a country of the size of Switzerland *should really* have belonged to the realm of fantasy. In the event, construction activity is now down by 30 per cent. and more, and may not bottom out before well into 1977. There are empty flats, and the chance of filling them is relatively *small, especially since,* under the pressure of public opinion, the Government limited the intake of foreign labour some years ago: a return to the immigrant labour boom is improbable. The Swiss indigenous population is more or less stagnant, so that no great revival of demand can be expected from that source.

Crisis

The crisis in the construction industry therefore is a structural one, which has been brought to the surface by turn of the business cycle. structural crisis has also o taken the Swiss watch indus which was late to adapt to trend towards electronic, dig watches (whatever one think of the convenience of digital system compared those of the "analog" face hands). That may now been corrected, but given Swiss industry's 97 per dependence upon exports the headstart of others in tronics, the process of ad tion which has begun continue its occasionally pai course. Larger units of pro tion will be needed, and element of high craftsman involved in traditional w making will be replaced b dustrial methods (though the top end of the market, w a watch becomes a piec jewellery). This industry not been able to give its p real wage increases.

The chemical industry fared very much better, though some of its premie presentatives have drawn of the fire lately directe multinational companies. O are at a satisfactory level again, though prices are some pressure. But here, structural change is conti that has already been goi for years. It is towards in ing specialisation, greater value, towards pharmaceu and other high-grade pro away from the commodity chemicals. To illustrate the Swiss Society of Che industries has calculated in 1974, the average val Swiss imports of chemical cluding finished products) to Sw.Frs.2.37 per kg, as a an average value of Sw.Frs. per kg for exports. The big chemical concerns at with their affiliate comp abroad, so the Society lates, provide 10 per ce world demand for medican

This process of speciali will have to continue fo industry to maintain its tion, and a heavy expen upon research should he make it possible. But wh companies do complain that high Swiss wages and exchange rate are forcing increasingly to transfer p tion abroad. One might ad the country is already sma crowded enough to mak desirable in any case.

As exporters, the machine builders only just second to the chemical try. They are suffering a widespread reluctanc invest in capital equipm not only in Switzerland t their world markets. faltering of the West G and other economies on predicted course of exp during 1976 was s reflected in the Swiss book. This, again, is an try that painfully feel strength of the franc. I the chemical industry, survived in the worl technological progress; i the chemical industry, wil to continue along the road. And like the industry it may be force mergers and rationali which could lead to structural unemploymer places.

The insurance in always an important contr to the balancing of Swiss has also felt the impact strong currency upon its r expressed in Swiss francs. exchange rate, added to national recession, was mental in cutting the ind net foreign income Sw.Frs.425m. in 197 Sw.Frs.365m. in 1975.

For the time being it improbable that any of industries can hope

CONTINUED ON NEXT PAGE

Capital for the carriage trade

THIS YEAR is proving a good one for the Swiss financial community. For all the talk about cutting the banking sector down to size, 1976 looks like showing new asset and profit records for the banks. Bond and share markets are healthy, capital exports are reaching a new high and domestic savings are burgeoning as a result of falling real wage growth and rising real interest rates.

The banks have admittedly suffered to some extent from the flood of regulations to control excessive flows of foreign and domestic funds. With the end of Switzerland's super-boom of the early 1970s, the various domestic measures—like credit and issue restrictions or minimum reserve requirements—are to-day either in effect or in fact dead letters, while a good many of those intended to contain the influx of hot money from abroad are also no longer in use.

No one, for instance, is considering a reintroduction of the ban on foreign purchases of Swiss securities and the *restrictions on the issue of* foreign loans are little more than notional. Nevertheless, the massive negative interest rate of 10 per cent. per quarter on new foreign Swiss franc funds, the interest ban on all such deposits and restrictions like those on forward purchases by foreigners of Swiss francs have definitely had their effects.

As Credit Suisse economist Dr. Hans Mast said earlier this year, the great days of internationalisation of Swiss banking are over. The same also goes for the popularity of Switzerland as a base for new operations by foreign banks; partly because of Swiss insistence on reciprocity rights, the number of new applications has dwindled to almost nothing in the past three years.

If the bonanza is over, though, the international stake of Swiss banking is still huge. Figures recently published by the Swiss National Bank for 1975 show that foreign liabilities and assets of the country's banking system equalled 27.3 and 34.8 per cent. respectively for total balances by the end of the year, with the surplus of foreign assets over foreign liabilities at a record of Sw.Frs.24.5bn. Other estimates put the value of securities administered by Swiss *banks* at between Sw.Frs.260bn. and Sw.Frs.300bn., of which something like Sw.Frs.150-170bn. are foreign; almost half of total is believed to belong to foreigners. Crédit Suisse president F. W. Schulthess says that a total of about Sw.Frs.300bn.—or nearly double Switzerland's national income—belonging to banks and their clients are currently in the hands of the banking system.

Turntable

For decades now Switzerland has been a major turntable for the international capital market. According to Dr. Nicholas J. Bär, of Bank Julius Bär, a total of something in the order of Sw.Frs.40bn. in public market foreign loans and private placements is outstanding. Swiss banks are still an extremely important channel into the Euromarket, even if it no longer has quite the same dominance here as ten years ago.

In the bond market this year will surpass the 1972 record for foreign Swiss franc loans. The *Swiss National Bank announced* last month that foreign borrowers will for 1976 as a whole account for some Sw.Frs.3.2bn. of the Sw.Frs.10.28bn. total for publicly issued bonds. There should also be a very large sum over and above this for private *placements—unpublicised Swiss* franc borrowings in the form of medium-term notes. These totalled Sw.Frs.7bn. last year and are hardly likely to be much less—if they are less at all—in 1976.

With the necessity to undertake large-scale interventions on the foreign exchange market to dampen the Swiss franc rates, the National Bank smiles on foreign borrowing activity of this kind, since the rule applies that Swiss franc proceeds must be immediately converted into dollars; from the start of this year until mid-October as much as Sw.Frs.12.7bn. of the Bank's interventions of Sw.Frs.13.9bn. had been covered by capital exports.

For months the Swiss bond market has been booming. With heavy demand, particularly from banks and institutional investors, and little supply of private-sector domestic issues, capital has been getting cheaper and cheaper for borrowers. At present, the typical coupon on good foreign Swiss-franc loans is 5¼ per cent., while interest on first-class domestic addresses other than the Confederation is just about to drop below the 5 per cent. level.

One interesting development abroad has been the granting of permission to certain OPEC countries to issue Swiss franc notes for providing funds to international aid organisations. Hitherto, Swiss franc loans abroad were anathema to the National Bank, which is always aware of the danger of the Swiss franc becoming a reserve currency. This exception has been made—subject to National Bank conditions—as a way of recycling petro-dollars under supervision and thus permitting the oil producing countries to diversify into a thoroughly desirable currency.

The shares market is also developing well. As of October 21 last the Crédit Suisse stock index was at 205.9 (1959=100), as compared with only 179.7 a year ago. New issues put at Sw.Frs.1.22bn. for 1976, compared with Sw.Frs.1.09bn. last year and Sw.Frs.616m. in 1973.

This year so far the stock exchanges have also been doing more business. In the first nine months the Zurich exchange, whose turnover is to-day surpassed only by New York and London, booked a turnover of SwFrs.78.88bn., as compared with Sw.Frs.60.46bn. for the same period of 1975. Over the same nine months the Basle Bourse increased its turnover from Sw.Frs.14.16bn. to Sw.Frs. 17.36bn.

Over recent years more and more foreign securities have been listing on the Swiss stock markets. At the end of 1975 136 foreign stocks and 350 foreign bonds were listed in Zurich, with corresponding figures for Basle of 128 and 331, respectively. First Basle and then Zurich led the Continental bourses in their foreign share of stock turnover.

Switzerland, interesting as a stock-market centre for foreigners not least in view of the very low commission levels, is in the process of expanding its capacities. The Geneva Exchange (which does not publish turnover) opened a second ring for bond trading in 1973, Zurich is carrying out a rebuilding programme and considering a fourth ring, and Basle has been promised by the canton that it will receive bigger premises and better installations. The Basle Exchange is also effecting a "regionalisation" of its ring membership and at least examining the possibilities of allowing foreigners to join in the more distant future.

Figures

Allied to the capital market is the important insurance industry, in which Switzerland belongs among the world's leaders. Figures released last month by the Federal Insurance Bureau show that Swiss insurers and re-insurers earned premiums totalling Sw.Frs. 15.4bn. in 1974, the most recent year for which figures are available, of which no less than 55 per cent. was accounted for by direct or indirect foreign business. Per capita, Switzerland is by far the world's biggest insurance exporter. Even after a fall in premium income in Swiss franc terms in 1975, the private insurance sector still accounted for a Sw.Frs.365m. surplus in the country's balance of payments.

John Wicks
Zurich Correspondent

هكذا من الأصل

Recession hits tourism

INTREPID British dis-
...d Switzerland as a
... country more than a
...y ago. Now the Swiss
... be quite happy to be
...overed, since the hotel
...urist business has begun
...tract under the impact of
...on and oil crisis, and the
..., victims of the sterling
... are staying away in

... number of tourist/nights
...ed in Swiss hotels and
...during January-August of
...ear was down by 3.8 per
...o 23.7m. The foreigners'
... dropped by 4.1 per cent.
...3m. In terms of income
...rinkage must have been
... pronounced, because the
... trade has widely obeyed
...untary price freeze since
... and because foreign
...ts have been cutting
... their secondary expendi-
... That must in the first
... have hit retailers—the
...s of chocolate and
...nirs and the renters of
... and the like; but it must
...ave been reflected in the
...f hotel bars and the other-
... that tourists buy from
...host.

... decimation of the British
...gent has been going on
... decade. In 1966 British
...ts spent almost 3m. nights
...iss hotels and inns (what
...Swiss call *hotellerie* as
...ed to the *para-hotellerie* of
...ng ground, paying guest
...ystack). At that time they
... outranked only by the
...ans and French. Last year
...were down to 1.2m. nights
... 502,000 *para* nights). On
...trength of the January-
...st figures, which cover the
...r season and most of the
...ner, they have fallen back
...er 15 per cent. this year
...re now only sixth in the
...e table of the foreign
...s of the hotel trade proper.
... Germans come first, fol-
... by the French, Americans,
...ans and Dutch in that

...rling

...en the rise of the franc
...e foreign exchanges and
...lecline of sterling, these
...s need not surprise any-
... But the Swiss authorities
...e it is worth their while
...m up a propaganda cam-
... in Britain this coming
...r, sterling crisis or no
...g crisis.

...en that Switzerland never
...een a particularly cheap
...ry for tourists and others,
...wiss marketing tactics—
...nly towards the British
...t — inevitably involve
...g up market to some
... About one third of the
...n tourists visiting Switzer-
...go there on package tours.
...oes not get the impression
...he Swiss tourist managers
...ooking for growth from
...nd of the market. Instead
... are trying to meet the
...dual tourist half way.

...in deals are on offer from
...mber of resorts, with a
... rate for board and lodging
...ome of the more essential
... extras—but not including
... to and from the resort.
... Swiss National Tourist
... has collected what is
... in a series of catalogues,
... which the following
...es are taken at random:
... nights' stay at an Enga-
...resort, welcoming drink,
...g. ski school evening, two
...chool or cross country
... lessons daily for six
... practice lift: Sw.Frs.407
...ll board in the high
..., room with bath or
...r (about £100). Or two
... in a northern Swiss town,
...ming drink, free travel on
... transport, free admission
...l museums, collections,
...ies, castles, etc., museum
... and voucher worth
...s.5 for local purchases:
...s.139 on half-board with
...£34).

A camping site on the banks of the River Sarine in Chateau d'Oex in the Vaudois Alps.

All-in proposals may go beyond the standard tourist activities. Thus the National Tourist Office has also put together a series of brochures listing things to do and learn while on holiday. In one of the lowland cities you can take a gardening course with six days' half-board; in another you can learn to work a spinning wheel (though you will have to find your own accommodation). Courses are listed in music, pottery, carving and so forth.

All of that is a long way away from the traditional picture of Swiss *Grand hotellerie*—dressing for dinner, plush, and a *belle époque* flavour slightly inclined to mustiness. That end of the business has been struggling for some years or even decades: in Swiss towns you can often find former hotels of that class which have been converted into administrative buildings: the long corridors, now bereft of their red carpets, seem to lend themselves to it.

What distinguishes the new trend, besides the effort to find a compromise position between individual and package tourist, is the attempt to offer visitors something to do, and by the same token to make Switzerland attractive to people who have the wish to do something.

The country has many attractions—mountains, lakes, towns that have preserved mediaeval or more recent historic charm—but it is clearly not marked out as a haven for *dolce far niente*. Nor does it have the space for hordes of tourists. So the formula chosen makes sense—and could help to control some of the worst excesses of mass tourism—even though the cuckoo-clock style of tourist folk art flourished early in Switzerland and has not improved with age.

The most obviously active tourist is the skier, with whom the Swiss have had good experiences. He spends more money, partly because the odds are that he has more; partly because he needs lifts and other services. The experience in Switzerland is that though the number of winter tourists to summer visitors is *in proportion* of four to six, income from them is in inverse proportion. Another reason for going after the winter tourist is that there are fewer competitors in the business: almost any country around the Mediterranean has more sun than the Swiss, but few have any decent skiing slopes. On the other hand, what competition there is is sharp, and the Swiss are not the cheapest Alpine resorts.

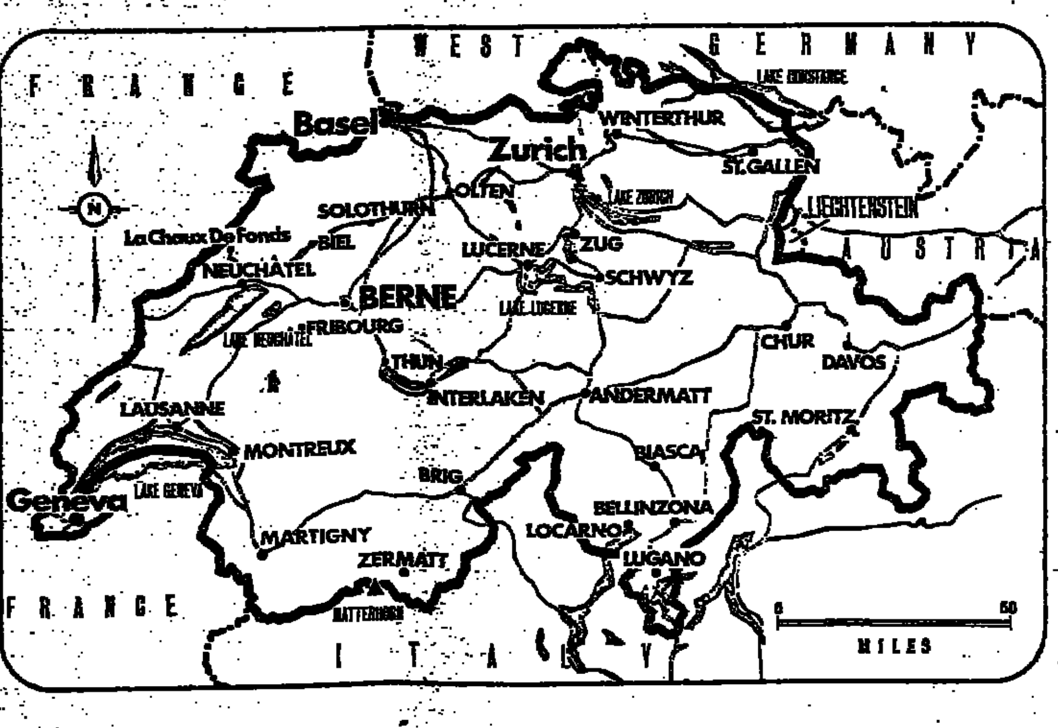
That, no doubt, was one reason why last season, for the first time, the Swiss winter season was worse than the preceding one, a sign of danger not to be ignored, which may well be attributable to the strength of the Swiss franc. That same strength has also led since last year to a falling off of the touring that the Swiss do themselves within their own country. Favourable exchange rates have caused an increasing number of Swiss to spend their holidays abroad.

Their already high costs have made Swiss hoteliers worry especially about the threatened introduction of a Value Added Tax. In its present form, the bill would impose 9 per cent. VAT on the hotel business, which, the trade reckons, would add some 4½ per cent. to the bills guests would have to pay. But Switzerland being Switzerland nobody can at present be sure that the proposal will go through: even if it passes the parliament, it could be thrown out by a referendum, and with 8 per cent. of the active population engaged in the tourist business there is a goodly supply of "no" votes disposable for a start.

Hence that cloud might blow over. Even so the Swiss price level is a problem that the industry will continue to have difficulties with. In order to help both the trade and the tourist, the National Tourist Office has compiled a booklet of the sort of thing that is free in Switzerland. Contrary to popular expectations it fills more than one page—in fact there are 33. You can watch Swiss highland sports free of charge: one of the spas allows you to drink its health-giving waters: several cheese factories and wine cellars throw open their gates (though one should not be too hopeful of free samples). There are open-air chess and hikes, one resort being considerate enough to offer a choice between whole-day conducted outings and 20-minute jaunts. These special offers apart, it is worth the tourist's while to discover whether and when there is free admission to the museums not listed in the pamphlet: the Swiss towns have some considerable collections of contemporary art, and though the price of admission is often high, it is usually waived on one or two days a week.

Last but not least, the Swiss have abolished tipping in restaurants and hotels. The practice is also on the way out in taxis and at hairdressers. Of course service is not really free: a percentage is added to the bill. But it does save a lot of uncertainties and messing about.

W. L. Luetkens



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...unced weakening of the ... (which for reasons dis... might in any case offer ...re than a passing relief). ...al Bank policy has so far ...ted itself to intervening ...rkets to smooth over the ...ations—and not attempt...e vain task of wrestling ... the market. At the same ...t has tried to counter the ...tions of the franc as a ... for speculative money.

...remental balances of non...nts held by foreigners ... for years been subject to ...al negative interest rate of ...r cent. A loophole has ...blocked up by limiting the ... forward positions at 40 ...ent. of what they were in ...n of 1974. That is ...ied to stop as far as pos... the so-called merrygo-..., a simple system by ... a foreigner bought Swiss ... for forward delivery and, ...he date the contract ...ed, repeated the operation. That enabled him to have francs coming to him, without having to hold them.

BASIC STATISTICS

Area	15,941 sq. miles
Population	6.4m.
GNP	Sw.Frs.145bn.
Per capita	Sw.Frs.22,594
Trade (1975):	
Imports	Sw.Frs.33.3bn.
Exports	Sw.Frs.33.4bn.
Imports from U.K.	£710m.
Exports to U.K.	£711m.
Currency: Swiss franc	£1=Sw.Frs.3.87

The banks would resist a further restriction of forward dealing, holding that it is a service necessary to exporters and importers at a time of floating exchange rates. Foreigners are also prevented from building up franc holdings by a rule which enables them to float bond issues on the Swiss capital market but insists that the proceeds must be converted into foreign currency at once. The foreigner can still get into francs by buying shares and bonds, but even the existing array of controls not long ago would have been repugnant not only to the bankers. It is a sign of how attitudes in Switzerland are changing, if within narrow margins.

The effectiveness of the defences is almost impossible to assess since there are some potent cyclical factors to upset the normal Swiss pattern according to which there should be a large visible deficit, a small current account surplus and net capital exports. The recession reduced imports more rapidly than exports. Last year, there was a visible trade deficit of about Sw.Frs. 800m. which disappeared in the first half of this year, though the trend has now been reversed to produce a deficit of Sw.Frs.160m. for January-September. More detailed payments figures have not been published for this year, but the way things are going can be roughly deduced from the following. The National Bank this year has intervened in the markets by buying up dollars worth Sw.Frs.13.9bn., of which Sw.Frs.12.7bn. were in turn made available for capital exports (by converting franc loans raised by foreigners); the remaining dollars, equivalent to Sw.Frs.1.2bn. were taken into the reserves which now stand at Sw.Frs.25bn.

Swiss bankers reckon the upsets caused by the temporary trade surplus to be a sign of the sickness which world recession has caused their economy. It is a sickness some others would not mind a touch of.

W. L. Luetkens

Chemicals start to recover

THE SWISS chemical industry *is currently recovering from* the setback, the first in 20 years, which it experienced in 1975. Then, output and turnover fell by some 18 per cent. each—almost to 1972 levels in the case of production volume—and export value by 10.7 per cent. Switzerland largely retained its position on foreign markets, but in *many* cases at the cost of a considerable degree of profitability.

This year, things are looking up again. In the first eight months of 1976 chemical exports—which in major products account for between 80 and 95 per cent. of production—were 11.7 per cent. higher than those of the corresponding period of last year, while Government production indices show that output in the first and second quarters was higher by 16 and 19 per cent., respectively, than in the admittedly depressed two first quarters of 1975. The dyestuffs and plastics sectors, in particular, have pulled out of the recession first as they had gone into the recession first.

Profits

Yet the industry is still far from its former level. Profits this year will be noticeably below 1974 levels and most member firms of the country's Chemical Industry Association regard their current profitability as insufficient. At the same time, the chemical industry among other branches of the Swiss economy has found that the economic upswing which looked relatively promising this spring has flagged rather in the summer months. So 1976 will be a better year than 1975 but generally nothing to write home about.

One problem facing the industry is that of prices. The massive appreciation of the Swiss franc of almost 60 per cent. on a trade-weighted basis since the Smithsonian Agreement has meant that it is increasingly difficult to raise Swiss-franc prices of export items, even in the case of typically highly sophisticated products with traditionally elastic prices. Swiss chemical undertakings carry out a good deal of central research and administration work at home rather than in the field and are very sensitive to the slowdown in Swiss-franc earnings growth, naturally well behind that in local-currency revenue.

At the same time, price increases have become a political problem in the case of pharmaceuticals, which account for 45 per cent. of chemical prodution in Switzerland. While some profit margins had been pretty *considerable in the past*, producers are now worried lest prices cannot be raised enough to yield funds for the industry's expensive research activities. On the contrary, recent history in the important tranquillisers sector shows that manufacturers may find themselves having to accept substantial price decreases. Here, as in other fields of chemical production, companies are also faced with increasing price control systems on foreign markets. Nor is the situation any brighter on the home market, where the wholesale price index for chemicals and allied products slipped from 145.2 points (1963=100) in the first quarter of 1975 to 130.4 this May, where it has stayed ever since.

Closely linked to the price question is that of costs. The high added-value of Swiss chemical products, exemplified by the fact that the average price of exported chemicals is Sw.Frs.11.37 per kg and that of chemical imports Sw.Frs.2.37, means costly R and D, costly production installations and processes and costly labour. The development of a new pharmaceutical can set a company back some Sw.Frs.30m. and that of an agro-chemical speciality Sw.Frs.22m., while each will take six to ten years to reach *the market. In all, something* like Sw.Frs.2bn. is spent on research and development annually by Swiss chemical concerns. About Sw.Frs.3bn. goes on pay and social contributions to the industry's 64,000 Swiss-based employees, or almost £11,500 per head. Also production tends to be centred in built-up areas such as Basle, or to a lesser extent Geneva, meaning a particular effort is needed in environmental control. At the last estimate, some 11 per cent. of the industry's investments went on environmental-control installations.

Primarily, then, the problem is a financial one. Unlike some other chemical producer countries, Switzerland has little bulk manufacture and is less sensitve to the ups and downs of the economy — even though a real recession on world markets can have a substantial effect on demand, as 1975 figures showed.

For years now, the question has recurred within Swiss chemical circles to what extent the industry can stay Swiss-based. The high Swiss-franc rate, the growing trend within the chemical industry to set up production facilities in or close to markets, the fact that it is increasingly difficult to find new sites in Switzerland and the sheer cost of manufacture in Switzerland have all been advanced as arguments that the "mother country" is played out.

Capacity

In fact, there are no really *major chemical industry investments* currently pending in Switzerland, at least not such as will provide new capacity. The last of the big new plants would have been a Vitamin C plant, one of the world's biggest, at a Hoffmann-La Roche works near the Rhine in Canton Argovia. But the project was held up by local environmentalists, objecting to the extra boiler capacity necessary, for so long, until the Federal Court finally cleared the matter last *month*, that the company has lost interest for the time being, the market having changed in the meantime and a number of other offers having been received from potential foreign sites.

There are and will continue to be a number of rationalisation investments, though, and projects to raise the added value of Swiss-made chemicals even higher. Any future expansion is likely to be in product value rather than volume production.

Despite the various difficulties, the leading chemical undertakings do not plan a large-scale exodus. First of all, this would be a drastic step with drastic results for the economy; the Swiss foreign trade surplus, for example, is Sw.Frs. 3.25bn. (in 1975) in chemicals and chemical products, with the industry accounting for 22.5 per cent. of total national exports this year so far, while 8.7 per cent. of the country's industrial labour force are employed in the chemical sector. Secondly, production is felt to be necessary in connection with research, and research in its turn must be financed at least in part by exports.

New capacity, though, is tending more and more to be built abroad. Last year, for instance, Ciba-Geigy had group *capital investments of* Sw.Frs. 1,017m., of which only Sw.Frs.399m. was spent on the parent firm and its branch works. The other Basle giants, Hoffmann-La Roche and Sandoz, are also expanding their foreign production base relatively fast, as is the Lonza chemicals division of Alusuisse.

There is as yet no need to shift capacity existing in Switzerland to foreign sites. The tendency is rather to expand capacity abroad. The industry stresses that any "move abroad" must be based on long-term considerations. Still, as was stated by Sandoz' Max Hediger in a key speech at this year's Chemical Association meeting, *decisions* to shift activities to foreign sites will have to be taken if there is no reduction in the Swiss balance of payments surplus or in the pressure *on the Swiss franc.*

John Wicks

Machine builders remain gloomy

THE SWISS machinery, metalworking and apparatus industry, which accounts for some 40 per cent. of total Swiss exports and employs more than 45 per cent. of the Swiss industrial workforce, is suffering from the after-effects of the recession. At a time when other sectors of the Swiss economy are looking forward to at least a small improvement in business compared with the previous year, the vital statistics of the machine-building industry have taken a turn for the worse.

In the second quarter of this year, the most recent reporting period, both the level of new orders and the overall level of the order books dipped to their lowest levels for ten years. The development was something of a surprise after a slightly improved level for the first quarter, but it seems likely to set the tone for the rest of the year, and the Swiss association of machine builders sees little chance of substantial new growth and is eyeing the possibility of a second relapse into *recession in major industrialised* countries with unrelieved gloom.

Almost three-quarters of the output of this sector, which includes textile machinery, machine tools, locomotive engines, steam generators, electric and electronic equipment, printing presses, telecommunications equipment and a very wide variety of other products, is sold on the export market, and such limited domestic demand as there is cannot have a great impact on the level of business.

The significant feature of this branch of industry, which includes some 450 companies, with workforces ranging from 18,000 down to workshops employing less than 20 people, is *the relatively long lag between* order and delivery. This is, as a rough rule, in the region of eight months, and last year when the whole Swiss economy took the *sharpest* nosedive in a generation, machine building succeeded in increasing its exports by 6.7 per cent. to some Sw.Frs.13.4bn. Even so, the writing was clearly on the wall. The foreign order book in 1975 declined by 17 per cent. despite the best efforts of industry representatives to obtain contracts at cost or even at a small loss. Domestic orders were down by a full 33 per cent.

With the long average delivery dates, even the performance turned in in the first half of this year appeared encouraging. Exports increased by some 3.8 per cent. to Sw.Frs.6.8bn.

Yet introspection in the industry relates now not so much to profitability as to the more fundamental issue of how employment levels are going to be maintained in the coming year. The high cost of the Swiss franc on foreign exchange markets and the resulting inflated prices for Swiss exports is undoubtedly one of the main factors which has given rise to this situation, as it is for other sectors of the Swiss export-orientated economy. But it is certainly not the whole story.

Traditionally, the Swiss engineering *industry has been* recognised as a leader in quality, at least in a limited number of areas of specialisation, and clients worldwide have *always been prepared to pay a* higher price on average for Swiss goods meeting their requirements. In fact, weight for weight (admittedly a very gross *yardstick*), *the price of Swiss* machine tools on world markets has traditionally been about double the price competitors could command. It is confidently believed that even the present cost of paying for goods in revalued Swiss francs will not deter clients if there is a strong and genuine recovery in the major markets.

Reputation

Despite having no access to *the sea, Switzerland holds a* leading position in the production of marine diesel engines: The power units supplied by one Swiss company and its *licensees* account for about one-third of the total horsepower rating installed in all ocean-going vessels of more than 2,000 tons.

Another outstanding example of a commanding Swiss lead is in flour mill plants: the installations supplied by one firm have a total capacity sufficient to serve the needs of 500m. people. The world's largest steam turbogenerating sets are successfully produced in Switzerland, which has an enviable reputation for technical innovation in this area.

Other Swiss companies are among the world's leading suppliers of electricity meters, and control devices for heating and air conditioning, elevators and sophisticated textile machinery. One Swiss group holds more than 80 per cent. of the world market for yarn cleaning and testing equipment.

With such an outstanding reputation the prospects for the future can hardly be all gloomy.

But the present situation is causing more and more companies within this sector to review the possibilities of setting up shop in other countries, where production costs could be significantly lower. Though this could lead to important new capital expenditure, there would, of course, be no difficulties in exporting their know-how through the expatriation *of a relatively small number of* highly specialised engineers who hold the keys to this kind of success. But the potential impact on domestic employ*ment levels is causing concern* in Government circles.

The average level of orders in hand in the machine building industry, at last reading, *was about 7.7 months, at least* 25 per cent. down on the mid-1974 level, with the textile machinery sector suffering particularly from cancellations of expected orders. The position of the machine tool industry is also well below the average for the sector as a whole, while electrical equipment manufacturers and those producing large turbines are doing relatively better than the average.

The industry's own view of the current outlook is that there will be no significant changes in the present difficult situation until late next year, and then only if there is a marked upturn in the world economic situation. The experts are then counting on *Switzerland's low rate of* inflation, combined with technical superiority in many of the product areas, to win back a satisfactory number of new *orders.*

In the meantime Swiss salesmen are assiduously wooing clients in new growth areas. Sales to oil exporting countries *jumped* by 75 per cent. *last* year to Sw.Frs. 1bn., with Iran by far the biggest of these client countries. Asia, Africa, South America and the Eastern European countries are also targets for strong Swiss sales drives, backed up by Government export risk guarantee programmes.

The sector's stake in the traditional industrialised client countries is slipping and will have to be compensated for elsewhere. The European Com*munity absorbed* 44.6 *per cent.* of Swiss machinery exports in 1973, 42.4 per cent. in 1974 and 40.3 per cent. last year. The decline in North America's *position in the same period was from* 9 to 7.7 per cent.

David Egli

Geneva Correspondent

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Canadian corpn. profits expanding

PROFITS FOR 108 early-reporting Canadian companies totalled $579.4m. in the third quarter this year, up 10 per cent. from the year-earlier period, according to a Canadian Dow Jones Survey.

For the first nine months profits for the 108 companies totalled $1.83m., down 1.8 per cent. from the corresponding 1975 period.

The strengthening in the overall profit performance in the third quarter reflected a sharp turnaround in the 13-member Forest Products Group, whose earnings totalled $40m., compared with a loss of $19.4m. last year.

All U.S. markets were closed yesterday — Election Day.

The conversion of a large loss in the 1975 third quarter to a moderate profit by Macmillan Bloedel for this year's third quarter was the major factor although other large producers including Abitibi Paper, British Columbia Forest Products and Crown Zellerbach Canada each reported sharply improved results.

Another factor in the improvement in overall earnings was the two Steel companies—Steel Company of Canada and Algoma Steel—*which had profits of $28m.,* more than double the 1975 third quarter level.

Mines and Utilities also reported earnings gains, but Chemicals and Textiles had earnings less than one-third what they were last year.

For the first nine months the Forest Products Group had profits of $96.5m., down 26.4 per cent. from last year, reflecting lost production from strikes earlier in the year and weaker markets for some products. The two Steel companies had earnings of $87.5m., down 7.5 per cent., mainly as a result of slackening demand earlier this year.

The 22 companies in the Manufacturing Sector had third quarter profits of $84.2m., down 8.4 per cent. from last year. Sharply reduced earnings for Ford of Canada and, to a lesser extent, for Canadian General Electric, were the main factors which more than offset substantial profit gains for Alcan Aluminium and Dominion Bridge. However, because of strong gains for the group earlier this year profits for the nine months advanced 13 per cent. to $309.1m.

The nine companies in the Oils Group had third quarter profits of $136.1m., or 2.7 per cent. less than a year earlier, largely because of the continuing impact of higher taxes. For the nine months the group gained 1 per cent. to $496.3m.

Utilities had third quarter profits of $112.9m., up 1.3 per cent., resulting mainly from higher profits for Transcanada Pipe Lines, Westcoast Transmission and *Alberta Gas Trunk, which* more than offset a decline for Bell Canada. The gain for the nine months was 21.8 per cent. to $360.7m., reflecting mainly the effects of higher service rates during periods of greater consumption in winter months.

OTHER MARKETS

Canada again higher

Canadian Stock Markets moved broadly higher yesterday, with all sectors again participating in the upward movement in what dealers said was anticipation of a Ford victory in the U.S. Presidential election.

The Industrial Share Index rose 2.43 to 181.18, Banks 6.16 to 248.66, Base Metals 1.13 to 81.77, Western Oils 6.15 to 209.95, Golds 1.50 to 260.20, Utilities 0.98 to 144.09 and Papers 0.17 to 115.97.

Northern Telecom advanced $⅛ to $34⅛, Canadian Pacific $⅛ to $17, *Bank of Nova Scotia $1¼ to $44,* Alcan Aluminium $⅛ to $25⅞, and Royal Bank $⅛ to $28⅞.

PARIS — Closed yesterday — All Souls Day.

GERMANY—Strong gains, reflecting Investment Fund buying and a halt to selling by foreigners. Above-average gains were registered in issues affected by the signing on Tuesday of a Copper Delivery contract with Poland.

Metallgesellschaft, the leader of the German consortium involved in the Copper deal, were lifted DM9 to 209. Other firms invodved *directly, or through subsidiaries* were Siemens, up DM3 to 255, Degussa, up DM7 to 227, and GHH, up DM2.8 to 168.

Motors were good. Daimler rose DM4.70, VW DM3.50, and BMW DM2. Machine Makers averaged gains of about DM4.

Among major Banks, Deutsche were up DM3.90, Commerzbank DM3 to 174 and Dresdner DM2.6. Chemicals averaged gains of about DM2. Stores and Minings were little changed.

Earstadt rose DM1, despite its lower nine-months figures.

Public Loans put on up to DM50, with the Regulating Authorities selling DM60m. nominal of stock. Foreign Mark Loans also firmed.

COPENHAGEN—Higher amid quiet trading. Banks were slightly up, while Communications, Insurances, Commodities and Shippings all gained ground.

BRUSSELS — Domestic shares were mixed in hesitant trading.

English stocks mostly fell but German, Dutch and U.S. shares closed *higher.*

AMSTERDAM—Firmer after a hesitant opening. Demand increased on speculation of a Ford victory in the U.S. Presidential election.

Banks and Insurances were better. Amsterdam - Rotterdam Bank were up Fls.1.40, Slavenburg's Bank Fls.4 and *Nationale Nederlanden* Fls.1.30.

SWITZERLAND—Very steady in generally quiet activity.

Bally Bearer jumped Frs.90 to 1,800 and the Registered rose Frs.30 to 1,005.

Most Industrials firmed slightly, *except for KW Laufenburg, which* eased moderately.

In the Foreign sector, Dollar stocks generally improved in a fairly active turnover, Dutch Internationals were steady and Germans firmed slightly.

OSLO—Industrials and Shippings were quiet, while Insurances and Bankings were irregular.

VIENNA—Gains and losses were about even. Breweries lost ground.

MILAN—Stocks gained ground in modest dealings, with operators encouraged by prospects of Government measures to relieve industry of some social security and other payments.

HONG KONG—Slightly higher in sluggish trading.

Hong Kong Bank were up 20 cents *to $HK18.00, Hong Kong* Land 5 cents to 6.70, Hutchison 2½ cents to 3.15, Jardine 10 cents to 16.90, Swire Pacific "A," 15 cents to 9.15, Hong Kong Telephone 20 cents to 26.00 and Hong Kong and Kowloon Wharf 20 cents to 15.00.

*TOKYO—Lower in limited trad*ing as investors awaited the result of the U.S. Presidential election. Volume 180m. (230m.) shares.

Foods, Paper-Pulps, Chemicals, Housing Related issues, Heavy Electric Machineries and Motors all lost ground on liquidation, while Electricals were mixed.

Nissan Diesel lost Y36 to 361, and Toyo Radiator Y19 to 400.

Toho Real Estate moved up Y42 to 492, Juilya Y31 to 416, Wacoal Y30 to 1,270, Akita Bank Y30 to 2,650, Meito Sangyo Y23 to 499, House Food Industrial Y20 to 1,770, Shinei Y20 to 375 and *Matsushita Kotobuki* Y20 to 1,920.

JOHANNESBURG—Gold shares were barely steady in quiet trading, following lower bullion indications.

Mining Financials were quietly firmer, Coppers and Platinums were very quiet, while other Metals hardened.

Industrials were dull.

AUSTRALIA—Generally higher led by a recovery in Uraniums, but trading slowed towards the close.

Peko-Wallsend rose 5 cents to $A3.90, and EZ Industries 7 cents to $A3.15, but Pancontinental lost 20 cents to $A9.50.

Queensland Mines were up 7 cents to $A2.05 and Western Mining 3 cents to $A1.58.

Bank of New South Wales improved 11 cents to $A4.86.

BRAZIL — Closed yesterday — Memorial Day.

MONTREAL, Nov. 2.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated ♥ Ptas.500 denom. unless otherwise stated ♣ Kr.100 denom. unless otherwise stated ◆ Frs.500 denom. unless otherwise stated ¶ Yen 50 denom. unless otherwise stated § Price at time of suspension a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa ex all. Δ Interim since increased.

£ improves

Sterling remained steady in the foreign exchange market yesterday closing at $1.5925-1.5935, against the U.S. dollar, a gain of 60 points on the day. Business was generally quiet ahead of the U.S. Presidential election, while the arrival in the U.K. of officials from *the International Monetary* Fund to negotiate Britain's proposed loan may have contributed to the low level of trading in the pound.

The New York market was closed for the election and Paris was also shut for another religious holiday. The pound opened at $1.5960-1.5980 and fell to $1.5835-1.5845 in the early afternoon. The rate touched $1.5870-1.5880 later, and showed little reaction to publication of the U.K. official reserve figures, easing slightly to $1.5860-1.5870.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, narrowed to 47.6 per cent. from 47.9 per cent., after standing at 47.7 per cent. at noon and 47.5 per cent in early dealings.

Discounts on forward sterling against the dollar continued to narrow. The three-month pound finished at 5.63 cents discount compared with 5.95 cents discount previously.

Most European currencies were *steady* against the dollar, but the French franc gained ground, probably as a result of the closure of the Paris market.

Gold fell $¾ to $122¼-123 in quiet trading. The krugerrand closed at $125¼-127¼ (£79-80) in the domestic and international markets. Its premium over the gold content widened to 3.16 per cent. from 2.95 per cent.

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Nov. 2	Nov. 1
Sterling	0.725049	0.727142
U.S. dollar	1.15319	1.15412
Belgian franc	42.6623	—
Deutschemark	2.77780	2.77323
French franc	—	—
Italian lira	998.547	—
Japanese yen	340.422	340.465
Dutch guilder	2.90546	2.90030
Swedish krone	4.86358	4.85965
Swiss franc	2.81876	2.80890

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

GOLD MARKET

	Nov. 2	Nov. 1
Gold Bullion (a fine ounce)		
Close	$122¼-123	$122¼-1[illegible]
Opening	$122¼-123	$122¼-1[illegible]
Morning fix'g	$122.20 (£76.749)	$122.00 (£76.788)
Afternoon fix'g	$122.50 (£77.020)	$122.60 (£77.225)
Gold Coins (domestically)		
Krugerrand	$125¼-127¼ (£79-80)	$125¼-1[illegible] (£79¼-80)
New Sov'gns	$46-47 (£28¼-29¼)	$46-47 (£28¼-29[illegible])
Old Sov'gns	$42-44 (£27-28)	$41½-4[illegible] (£26¼-27)
Gold Coins (internat'nally)		
Krugerrand	$125¼-127¼ (£79-80)	$125¼-1[illegible] (£79¼-80)
New Sov'gns	$44-46 (£28-29)	$44-46 (£28-29)
Old Sov'gns	$39-41 (£24¼-25¼)	$39-41 (£25-26)
$20 Eagles	$203-206	$203-20[illegible]
$10 Eagles	$111-114	$109-11[illegible]
$5 Eagles	$71-74	$71-74

FOREIGN EXCHANGES

Nov. 2 1976	Bank Rates %	Market Rates: Day's Spread	Close
New York	5¼	1.5835-1.5980	1.592[illegible]
Montreal	8½	1.5410-1.5560	1.555[illegible]
Amsterdam	7	3.99½-4.05½	4.01[illegible]
‡Brussels	9	58.70-59.[illegible]	58.1[illegible]
Copenhgen.	11	9.35-9.44	9.35[illegible]
Frankfurt	3½	3.81½-3.88½	3.85[illegible]
Lisbon	6½	49.6-50.4	49.8[illegible]
Madrid	7	108.59-109.10	108.8[illegible]
Milan	15	1,372-1,380	1,37[illegible]
Oslo	9	8.39-8.46	8.41[illegible]
Paris	10½	7.91½-7.98½	7.95[illegible]
Stockholm	8	6.69¼-6.76¼	6.72[illegible]
Tokyo	6½	465-475	470[illegible]
Vienna	4	27.15-27.35	27.2[illegible]
Zurich	[illegible]	3.86¼-3.91¼	3.88[illegible]

* Basic discount. ‡ Rates given are for convertible franc; financial franc 59.70.

OTHER MARKETS

		Notes	Rates
◆Argent'na	22.98-226.09	Argentina	[illegible]
Australia	1.2867-1.2986	Austria	[illegible]
Brazil	18.67-18.87	Belgium	[illegible]
Finland	6.12-6.14	Brazil	[illegible]
Greece	56.152-56.654	Canada	[illegible]
Hong Kong	7.67-7.7025	Denmark	[illegible]
Iran	108-112	France	[illegible]
Kuwait	0.448-0.458	Germany	[illegible]
Luxembg.	58.88-59.03	Greece	[illegible]
Malaysia	4.0316-4.046	Italy	[illegible]
N. Zealand	1.6692-1.6771	Japan	[illegible]
Saudi Arab	5.51-5.61	Netherl'ds	[illegible]
Singapore	3.9025-3.917	Norway	[illegible]
S. Africa	1.3730-1.3926	Portugal	[illegible]

EXCHANGE CROSS-RATES

Nov. 2	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.406-407	48.20-28	6.50-51	3.820-825	96.58-65	98.65-70
N. York*	41.47-49	—	20.04-06	2.7078-712	1.5920-5940	39.70-73	40.98-41.0
Paris (c)	207.55-65	4.9932-003	—	13.52¼-54¼	8.035-070	198.30-85	205.0-40
Brussels	16.34-38	36.98-37.04	7.40-43	—	58.80-95	14.88-71	15.15-19
London	3.83¼-84¼	1.5925-35	7.93¼-94¼	58.80-59.0	—	4.01-02	3.88¼-89¼
Am'rd'm	104.565-615	2.5182-5207	50.42-47	6.8115-65	4.0015-65	—	103.225-275
Zurich	101.26-36	2.4367-77	48.85-91	6.59-5975	3.8710-45	96.85-95	—

U.S.$ in Montreal: U.S.$=97.12-24 Canadian cents. Canadian $ in New York: C$=102.86-88 U.S. cents. U.S. $ in Milan 865.50-866.0. Sterling in Milan 1377.10-85. (c) closed. *Rates for Nov. 1.

EURO-CURRENCY INTEREST RATES*

Nov. 2 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.-German mark	Swiss franc
†Short term	17-17½	4¼-5	8¼-8¼	8¾-9¾	2¼-2⅞	1-1¼
7 days notice	17-17½	4¼-5	8¾-8¾	8¾-9¾	2¼-2¾	1¼-1⅞
Month	17¾-18¼	4⅞-5⅛	9-9¼	8¼-8¼	3⅞-5⅛	1¼-1⅝
Three months	18½-20⅛	5¼-5½	9⅛-9⅜	8⅛-8⅛	4⅛-4¼	2-2⅛
Six months	19⅞-20⅜	5⅝-5⅞	9¼-9⅛	8⅛-8⅛	4⅛-4⅞	2¼-2⅝
One year	18⅞-19⅛	6-6¼	9¼-9½	7¾-8¾	4⅝-4¾	2⅛-2⅛

Euro-French deposit rates: two-day 12½-13½ per cent.; seven-day 12½-13½ per cent.; one-month 12½-13½ per cent.; three-month 12½-13½ per cent.; six-month 12½-13½ per cent.; one year 12½-12½ per cent.

Longer-term Eurodollar deposits: two years 6¾-7¼ per cent.; three years 7¼-7¾ per cent.; four years 7½-8¼ per cent.; five years 8¼-8⅞ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4[15/16]-5[1/16] per cent.; three-month 5¼-5⅜ per cent.; six-month 5[9/16]-5[11/16] per cent.; one year 5[15/16]-6[1/16] per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Indices

NEW YORK—DOW JONES

	Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	966.09	964.93	952.63	956.12	948.14	938.00	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
HomeB'nds*	89.71	89.69	89.61	89.62	89.58	89.53	89.86 (23/9)	85.68 (15/7)	—	—
Transport	211.85	210.57	207.81	207.68	208.58	205.25	231.77 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	98.54	98.05	97.42	96.82	96.53	96.2	98.02 (21/9)	84.8 (26/5)	163.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's ‡	18,586	17,050	16,920	15,790	15,490	15,310	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Oct. 29	Oct. 26	Oct. 15	Year ago (approx.)
	3.98	4.09	4.10	4.59

STANDARDS AND POORS

	Nov. 1	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	1976 High	1976 Low	Since compilation High	Since compilation Low
*Industrials	115.63	116.18	115.64	115.90	113.87	111.87	120.89 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	103.10	102.90	101.61	101.76	101.06	100.07	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Oct. 27	Oct. 20	Oct. 13	Year ago (approx.)
Ind. div. yield %	3.61	3.61	3.59	3.79
Ind. P/E Ratio	11.52	11.50	11.56	11.80
Long Govt. Bond yield	5.36	5.34	5.27	6.09

MONTREAL	Nov. 2	Nov. 1	Oct. 29	Oct. 28	1976 High	1976 Low
Industrial	179.49	177.46	176.11	174.98	207.85 (19/5)	173.40 (26/10)
Combined	180.05	177.85	176.69	175.87	198.78 (20/5)	175.67 (2/1)
TORONTO Industrial	181.18	178.75	177.51	176.14	197.43 (20/2)	175.01 (2/1)
JOHANNESBURG Gold	148.5	148.5	149.3	148.86	226.7 (12/3)	115.3 (25/8)
Industrials	175.5	175.7	176.5	177.90	216.0 (21/5)	175.2 (1/11)

N.Y.S.E. ALL COMMON.

Nov. 1	Oct. 29	Oct. 28	Oct. 27	1976 High	1976 Low
55.00	54.82	54.24	54.52	57.51 (21/9/76)	37.06 (2/1/76)

Rises and Falls	Nov. 1
Issues Traded—1,894	Up—804
Down—597	Same—493
New Highs 58	New Lows 14

	Nov. 2	Previous	1976 High	1976 Low
Australia (a)	436.75	435.65	522.63 (19/3)	432.45 (26/10)
Belgium (b)	87.96	88.15	113.18 (5/2)	87.15 (25/10)
Denmark (d)	105.22	102.19	117.70 (19/8)	100.14 (14/10)
France (e)	(c)	63.9	74.5 (3/3)	52.3 (26/10)
Germany (f)	699.5	697.7	821.7 (17/3)	697.7 (29/10)
Holland (g)	82.6	82.0	102.3 (5/2)	77.9 (18/10)
Hongkong (h)	392.74	384.73	465.53 (17/3)	354.55 (2/1)
Italy (k)	68.33	67.75	81.37 (23/2)	66.85 (18/10)
Japan‡ (m)	349.46	351.25	379.61 (1/9)	326.22 (5/1)
Singapore (n)	249.22	247.94	286.16 (5/2)	236.35 (2/1)
Spain (p)	—	74.88	100.79 (7/5)	72.65 (22/10)
Sweden (q)	368.05	376.45	476.95 (10/6)	363.08 (2/11)
Switzerl'd (r)	264.0	265.6	299.8 (12/3)	261.7 (29/10)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4-1-68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—131¼% (130¾%)

NEW YORK

CANADA

GERMANY ●

PARIS

AMSTERDAM

MILAN

BRUSSELS/LUXEMBOURG

TOKYO†

SWITZERLAND*

COPENHAGEN

VIENNA

AUSTRALIA

STOCKHOLM

OSLO

BRAZIL

JOHANNESBURG

SPAIN ●

FORWARD RATES

FARMING AND RAW MATERIALS

Farmland prices still rising

By Our Commodities Staff

THE LATEST index of farmland prices suggest that the steady increase in land prices evident in recent months is continuing, the Ministry of Agriculture said yesterday.

The rolling average for land sold with vacant possession during the three months to the end of September was £625 an acre for the 46,600 acres sold in transactions. The index stood at 139.

In September last year the average price was only £476 an acre and the index was 67. The base year for the index was 1973 when it stood at 100.

Details of the farmland sales are collected by the Ministry's advisory service and the Agricultural Mortgage Corporation to provide up-to-date information on price movements.

Canada wheat for Japan

WINNIPEG, Nov. 2.

CANADA will supply Japan with ...m. tonnes of wheat and ...,000 tonnes of barley during 1977, the Canadian Wheat Board said.

The agreement was reached following discussions in Tokyo between senior representatives of the Wheat Board and the Japan Food Agency.

Meanwhile in Tokyo a forecast that Japan was likely to have a poor rice crop this year, the first time in five years, came from the Agriculture-Forestry Minister, Mr. Buichi Oishi.

Mr. Oishi said his Ministry's final survey showed the rice harvest this year will amount to ...73m. tonnes, compared with last year's bumper crop of ...1m. tonnes, due to the abnormally cool weather which caused spread of plant diseases, and typhoon damage.

Reuter

U.K. PLATINUM PRICE IS CUT

Engelhard Industries confirmed it has cut its U.K. platinum price to £103.00 per troy ounce from £109.00 following the cut in the world price of platinum announced last Friday.

However, U.K. prices of other platinum group metals have been adjusted upwards in view of the decline in sterling. Palladium goes up to £35.00 per ounce (previously £33.25), iridium £190.50 (£182), and rhodium to £254 (£242.50).

EEC threat to British meat products industry

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

BRITISH CONSUMERS, who traditionally turn to manufactured beef products when fresh meat is expensive, were being denied essentia lsupplies due to the Common Market's restrictions on manufacturing beef imports from third countries, according to Mr. Bill Newton Clare, chairman of the Bacon and Meat Manufacturers Association.

Speaking at the inaugural lunch of the association in London yesterday, he pointed out that continued supplies could not provide either the lean quality, or the quantities, needed to make the traditional British products. So instead processed products have to be imported from the "third" countries who should be supplying the beef.

Unless something could be done which would tend to moderate consumer prices and keep meat processing plants in business there would inevitably be further closures. So far 15 per cent. of the industry's labour force had been made redundant, and this could be only "the tip of the iceberg."

For more redundancies must follow unless there were changes in the way the subsidies were collected or a devaluation of the "Green Pound." He underlined the serious threat to the pig meat industry by a flood of imports from Denmark and Holland, assisted by EEC Monetary Compensatory Payments which amounted to a subsidy equivalent to £9 for every pig produced in those countries above prices receivable here. From this month these subsidies would go up to the equivalent of £14 a pig.

He appealed to Mr. John Silkin, the Minister of Agriculture, to do something to prevent the complete dissolution of his declining and demoralised industry.

FROM THIS quarter onwards supplies of beef and veal will be lower than in the corresponding quarter in any year since 1970 Mr. George Howard, Meat and Livestock chairman, said yesterday.

"The Commiss'on warned the Government that the withdrawal of supoprt for the beef market 2½ years ago, which coincided with a large supply of beef and particularly intense economic difficulties, would result in a loss of confidence and a downturn in beef production.

"I am afraid that the Commission was right," he told the MLC beef conference at Harrogate.

In reply, Mr. Silkin showed he was aware of the serious threat to British production and claimed that the EEC Commission had now accepted that the "Green pound" and the method of calculating pigmeat MCAs were entirely separate issues.

He said it was now up to the Council of Ministers to recognise that the 8 per cent. cut in the pig meat MCAs recently negotiated was not enough, and more should be done.

Mr. Silkin reiterated that simply to devalue the "Green pound" even to a limited extent would represent an unacceptable threat to the cost of living.

It would certainly lead to higher prices for consumers but would it really assist pig farmers. They would be faced with increases in feed costs which might well erode any benefit to them from the reduction in MCAs.

There is no doubt that the present method of calculating pig meat MCAs does give Dutch and Danish farmers a considerable advantage when exporting to this country and if the Community could be induced to base the pig meat MCA on the cereal feed cost this subsidy would probably be cut at least two thirds. But this move would be very strongly resisted by both Danish and Dutch farmers.

The answer is not as simple as that because the change would not of itself assist British producers. Danish bacon is already selling at a premium over home supplies and unless means could be found of rasing the price of British bacon without reducing consumer demand no measurable advantage would necessarily accrue.

The consumption of bacon and ham has already fallen by 28 per cent. over the last four years and a similar trend is observable in other high value livestock products. No amount of fiddling with "Green Pound" or anything else will reverse it.

Record Brazil soya crop forecast

RIO DE JANEIRO, Nov. 2.

BRAZIL STANDS a good chance of producing a record soyabean crop in about six months from now, given reasonable weather, trade sources said.

Encouraging returns both on exports and the domestic market this year are expected to stimulate planting, which has just started, sufficiently for a 10 to 15 per cent. production increase this year.

There is still disagreement, however, on the size of this year's crop, some putting it below 11m. tonnes, and others at around 11.3m. Consequently estimates for next year's crop vary from under 12m. tonnes to 13m.

Estimates so far are based mainly on planting intentions, this year's satisfactory harvest and marketing performance, and generally "bullish" ideas about soyabean prices.

Ground conditions in Sao Paulo are on the wet side, but there is at least a month left for planting and no cause for concern at the moment, the sources said. Conditions in the main growing areas to the south are satisfactory so far and some beans have been planted in north and west Parana.

Elsewhere in the State and in Rio Grande do Sul planting will start seriously as the wheat harvest comes to an end in the coming weeks.

Sources at the Brazilian Federation of Wheat and Soyabean Co-operatives (Fecotrigo) in Porto Alegre said they estimate Rio Grande do Sul's soyabean area will rise about 220,000 hectares to 3.5m. and production almost 10 per cent. to nearly 5.5m. tonnes.

Australian meat for Russia

By Our Commodities Staff

THE SOVIET Union is to import large quantities of the type of meat that the EEC ban on third country imports is preventing from entering Britain.

Thomas Borthwick and Sons announced yesterday that it had signed a contract with Prodintorg, the Soviet importing agency, to supply 6,000 tonnes of carcase mutton and 4,000 tonnes of boneless beef from Australia over the next four months.

The total value of the contract is put at US$9m. to $10m. and the company hopes further contracts will be obtained from the USSR for additional supplies for shipment next year.

Meanwhile Reuter reported from Buenos Aires that negotiations are under way there for the export of Argentine meat and grain to the USSR.

Vegetable prices check plan

Financial Times Reporter

TO PROTECT consumers against unjustified price increases arising from the drought, the Price Commission is to monitor prices and distributors' margins on potatoes, cabbages, cauliflowers, brussels sprouts, carrots and turnips throughout the 1976-77 season.

This was announced by Mr. Roy Hattersley, the Secretary of State for Prices and Consumer Protection, in the Commons yesterday.

He also told MPs that he had instructed the Price Commission to keep under review the retail prices of dehydrated potatoes and other foods—*rice, pasta,* and *frozen* and *canned peas*—to which consumers turned last year and might turn again this year to replace those in short supply.

Mr. Hattersley explained that this action was being taken because this year's potato crop was likely to be no greater than last year's and because of the possibility of relatively short supplies of some other outdoor vegetables.

The Price Commission had been monitoring prices and distributors' margins on potatoes since the beginning of this year. No evidence had emerged from the Commission's reports to suggest that distributors had taken advantage of the consumer.

Sri Lanka tea exports fall

COLOMBO Nov. 2.

SRI LANKA'S tea exports have fallen this year because of a drop in production due to poor weather and bad packaging, a tea trade spokesman said here to-day.

The shortfall in output is due to bad weather. Production reached 144.7 kilogrammes in the first nine months of this year—20.4m. kilos less than during the same period last year.

A Ministry of Plantation Industries spokesman here said reports from the tea trade in London had spoken of the "deplorable condition" of the tea chests arriving in Britain.

Sri Lanka's Trade Commissioner in London, who had personally seen the unloading of tea at London docks had found that the wooden chests "were bursting at the seams and tea spilling all over the ground," the spokesman said.

A committee investigating the reasons for the faulty packing had discovered that certain private sector manufacturers of chests were using their quotas of aluminium for other industries, he added.

Reuter

WORLD FOOD SUPPLIES

Unexploited values of tropical plants

BY NIGEL CARSON IN NEW YORK

HUNDREDS OF little-known tropical plants, many of them endangered species, may provide insurance against agricultural catastrophe and even new sources of essential industrial products, according to a panel of prominent American botanists.

Mankind's narrowing reliance on only about 20 food crops alarms scientists who have considered the possibility that disease, pests, or climatic change could wipe out one or more of the cereal, root, and legume crops that are the staple diet of millions.

The so-called "Green Revolution" may even have increased the hazards as farmers have turned to a limited number of varieties of high-yield but perhaps not very hardy crops.

As many as 3,000 crops have found their way onto man's table in the past, but it was European consumer tastes during the colonial period that largely determined which ones were grown and bred for improvement.

In many cases native tropical crops were supplanted, sometimes by foods which were less nutritious. Scientists suggest that if similar breeding efforts were devoted to increasingly rare tropical plants, not only the tropical hunger belt, but the entire world could benefit.

The hazards of too narrow a reliance on particular varieties of a single crop were revealed by the 1970 maize blight which destroyed one-fifth of the American crop. Were Asia similarly dependent on a single "improved" rice variety, a comparable blight would have led to starvation for millions.

Failures

The possibility of such disasters has led to the creation of internationally supported seed banks which preserve vanishing original varieties of plants. Their genetic traits could permit breeders to produce new varieties if the need arises.

Of course, a more immediate way of guarding against particular crop failures would be to grow a greater number of crops. Botanists who wrote a detailed study, called *Underexploited Tropical Plants with Promising Economic Value*, for America's National Academy of Sciences, say that 36 plants in particular hold especially good potential for broadening the world's agricultural base.

Some of these plants are rich in types of protein normally found only in meat, fowl, and fish — a feature which may be important not only to the protein deficient diets of the Third World.

Many "futurologists" have said that the relatively low efficiency of animals in converting acres of crops into protein will ultimately require man to eat more protein produced from plants. The botanists also note that a number of forage crops which can grow in inhospitable conditions could open up vast new areas for livestock farming.

One particularly promising cereal crop studied by the panel is the grain amaranth. It provides a classic example of the folly of supplanting native crops. When Spanish missionaries first arrived in Central and South America, they found the Aztecs worshipping this staple of their diet.

Pancakes

The missionaries suppressed cultivation and the amaranth was replaced by maize. Symptoms of the protein deficiency disease kwashiorkor—dehydration, brittle hair, physical underdevelopment — are now Common in the area. Scientits have found that the grain amaranth is rich in essential forms of protein which are absent from maize.

The fast growing amaranth's grain is produced in large, sorghum-like seed heads. Traditionally, this has been parched, milled, and then made into pancakes, but new alternative dishes could be developed. The spinach-like leaves, which can be harvested many times a year, are also high in protein.

The winged bean, so-named because of the four longitudinal jagged wings on the legume pods, is a high protein plant suited to wet tropic climes. Almost all parts of this potential soyabean substitute can be eaten by humans or livestock.

Botanists point to a number of obscure forage plants which could open arid lands to livestock farming. In the Atacama desert of northern Chile, which sometimes has seven year droughts, the evergreen tamarugo plant grows through layers of salt several feet thick.

It draws water from the brackish water table. Pods, leaves, and seeds are nutritious and make sheep and goat pastures which are the equal of any in the world.

Some tropical plants can produce industrial products superior to high-priced synthetics derived from petroleum. But one particularly exciting possibility for increased cultivation, the jojoba (pronounced ho-ho-ba), produces the only known substitute for sperm whale oil, an essential high pressure lubricant which has defied attempts at synthesis.

The jojoba shrub is native to North American deserts and thrives under extreme heat and drought—it will live for a year without rain. The seeds contain 50 per cent. of an oil which requires virtually no processing.

The first crop of seeds appears after four years, and the plant's lifespan exceeds 200 years. Scientists say the jojoba could be grown in many arid tropical and subtropical lands.

The guayule shrub, also a native of North American deserts, is a rubber producer for arid climates. When Malayan rubber sources were cut off during World War II, the U.S. produced about 14,000 tons of rubber and some tyres from guayule latex. Renewed rubber tree sources and increased use of petroleum-based synthetics slowed research after the war.

Guayule is ready for harvest after four years, but can live for as long as 50 years. The entire plant contains rubber, as much as 20 per cent. in improved varieties, so the entire plant is harvested, then sliced into fragments, and softened by soaking. The lighter rubber floats away from the residue.

Mexico has already started experimental guayule rubber production, and expects commercial operations within a few years.

Flourish

Another plant which promises a substitute for expensive petroleum-based synthetics, in this case fibres, is ramie. This slender 10 foot herb produces long, lustrous, durable fibres with a tensile strength eight times that of cotton. The fibres become stronger when wet, woven fabric breathes, and a 25 per cent. blend prevents wool from stretching and shrinking.

A single planting can produce for more than 10 years, with as many as six harvests per year. It has been grown in eastern Asia for thousands of years, and could flourish in a wide variety of climates.

It has not been more widely cultivated because its fibres are bound in a gum which is difficult to remove—one-third of the fibres are lost by present removal methods. Chemists and biologists are still working to unlock the gum's secret, 100 years after the British Government offered a prize for the solution.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange in subdued trading in front of the U.S. election and with the American markets closed. Forward metal opened £817 and fell during the morning on hedge selling to £807.5 before it found support. In the afternoon the price traded in the £810-£812 range, before closing on the Kerb at £812. Turnover, 23,500 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £770, 69.5, three months £812, 10, 07, 08, 08.5, 08, 07.5, 08. Cathodes cash £755, 56, three months £794, 93.5, 94. Kerbs: three months £809, 10. Afternoon: Wirebars three months £811, 10, 10.5, 10. Cathodes three months £797. Kerbs: three months £810, 10.5, 11, 12.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	769.5-70	−1.75	771-2	+2.25
3 months	807-8	−5.25	810-.5	+2.5
Settlem't	770	−2	—	......
Cathodes				
Cash	756-.5	−1.5	758.5-9.5	+2.5
3 months	794-.5	−2.25	796-7	+1.75
Settlem't	756.5	−1.5	—	......
U.S. Prm.	—	......	*70-74	......

TIN—Little changed after a quiet day's trading. Forward metal remained steady around £5,150 for most of the morning, helped by physical demand from the Continent. In the afternoon short covering caused an advance to £5,180, but some selling emerged on the Kerb and the price closed at £5,160. Turnover, 1,385 tonnes.

Morning: Standard cash £4,960, 57, three months £5,140, 50, 55, 60, 55, 57. Kerbs: Standard three months £5,155. Afternoon: Standard three months £5,175, 80, 77, 80. Kerbs: three months £5,175, 60.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4957-60	−51.5	4982-7	+9.5
3 months	5155-7	−21.5	5175-80	......
S'ment	4960	−55	—	
Standard				
Cash	4957-60	−51.5	4982-7	+9.5
3 months	5155-7	−21.5	5175-80	......
S'ment	4960	−55	—	......
Straits E.	$1,152½	+2½	—	......
New York	—	......	—	......

LEAD—Slightly easier in a market which drifted on lack of interest. After starting at £295, forward metal slipped to £293 before finding greater steadiness in the afternoon. It closed on the Kerb at £294.5. Turnover, 6,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
				£
Cash	277.5-.75	−.875	278.5-9.5	......
3 months	293-.5	−2.0	294.5-5	−.375
S'ment	77.75	−1.25	—	......
N.Y. Spot	—	......	4.50-6	......

Morning: cash £277.5, three months £295, 94, 93.5, 93.25. Kerbs: three months £293.25, 93.5. Afternoon: three months £294, 94.5, 94.25, 94, 94.5, 94.75. Kerbs: three months £294.5.

ZINC—Barely changed in a quiet market. Some selling from one influential quarter caused forward metal to fall from £393 to £390 in the morning, but in the afternoon buying of nearby metal, which might be associated with producer interests, brought greater steadiness. Forward metal closed on the Kerb at £394.25. Turnover, 8,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
			†	
Cash	371-.25	−6.87	375-6	+.75
3 months	391-.5	−6.5	393.5-4.5	−.75
S'ment	376.5	−7.25	—	......
Prim. West	—	......	*57	......

Morning: cash £371, three months £393, 93.5, 93 to 90.5, 91, 91.5. Kerbs: three months £392. Afternoon: cash £372.25, 72.75, to 73.5, three months £392, 92.5, 93, 94. Kerbs: cash £375.5, three months £393, 94.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 0.5p an ounce lower for spot delivery in the London bullion market yesterday, at 270.1p. U.S. cent equivalents of the fixing levels were: Spot 429.5c, down 0.4c; three-month 432.1c, up 0.3c; six-month 437.9c, down 0.4c; and 12-month 448.5c, down 0.3c. The metal opened at 269-270p (429-431c) and closed at 269½-270½p (429-431c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	270.1p	−0.5	271.25p	−0.25
3 months	281.6p	−0.5	282.35p	−0.8
6 months	294.1p	−0.9	—	......
7 months	—	......	297.8p	−0.7
12 months	316p	−1.0	—	......

LME—Turnover 67 (127) lots of 10,000 ozs. Morning: Three months 281.8, 82.0, 2.1, 2.2, 1.9, 2.1, 2.2, 2.3, 2.5, 2.7. Kerb: Three months 282.5, 2.6, 2.7. Afternoon: Three months 282.3, 2.4. Kerb: Three months 282.4, 2.7.

COCOA

International Cocoa Agreement (U.S. cents per pound)—Daily for Nov. 1 128.72 (125.18). Indicator 15-day average 119.22 (118.56), 22-day average 117.53 (117.07).

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Con'tr'ct			
December	1945.0-44.0	−9.75	1-50.0-34.0
March	1890. 91.0	−4.50	1904.0-882.0
May	1856.0-57.	−15.0	1867.0-44.0
July	1819.5-21.5	−16.25	1851.0-16.5
September	1775.0-77.0	−18.0	1785.0-771.0
December	1641.0-45.0	−17.0	1650.0-639.0
March	1600.0-05.0	−19.0	—

FREIGHTS

DRY CARGO—Chartering was on reduced scale, and in view of U.S. Election Day holiday quiet conditions are expected for several days. Grain charterers covered a cargo from the U.S. Gulf to the Netherlands at $7.75 f.i.o. for Nov. and another from the U.S. Gulf to Japan at $17 f.i.o. for Dec./Jan. Ore shippers covered a cargo from Port Elizabeth to West Italy at $9 f.i.o. for Nov. In the sugar section a cargo was fixed from Brazil to Yugoslavia at $27 f.i.o. Timecharterers fixed a vessel of 24,847 long dwt for a voyage from Japan to the U.S. Gulf at $5.15 for Nov. and a vessel of 15,741 long dwt for a voyage from Japan to the Red Sea/Singapore range at $3,900 daily prompt. A vessel of 26,738 long dwt was also booked on timecharter for two years' trading, the first year at $4.27 and the second at $4.52 commencing Jan.

COFFEE

ICO indicator prices for Nov. (U.S. cents per pound). Colombian Mild Arabicas 184.25 (184.50). Other Mild Arabicas 178.00 (same). Unwashed Arabicas 168.50 (same). Robustas 161.25 (159.25). Daily average 169.63 (168.63).

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	2130-135	−11.5	2157-155
January	2186-190	−14.0	2198-187
March	2206-08	−8.00	2212-2-1
May	2210-213	−4.00	2215-202
July	2210-212	−1.50	2215-08
September	2211-216	−4.80	2217-15
November	2213-215	−6.00	2219-10

Sales: 1,453 (2,089) lots of 10 tonnes.

Dealers said the market drifted lower in dull and featureless trading reflecting the U.S. Election Day holiday and the continuing partial holiday in some European centres for All Soul's Day. Robusta futures closed quiet £14 to £3 down from the previous night's close.

RUBBER

SLIGHTLY EASIER opening on the London physical market. Little interest throughout the day, closing on a quietly steady note. Lewis and Peat report a Malaysian godown price of 213 cents a kilo (buyer, November).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
Dec.	65.50-66.00	64.55-67.00	—
Jan.	65.50-66.25	64.75-67.00	—
Jan-M'r	66.10-66.50	67.75-67.00	66.50-66.00
Apr-Jne	69.10-69.20	69.50-69.50	69.75-68.80
Jly-Sept	71.95-72.10	72.40-72.50	72.10-71.65
Oct-Dec	74.50-74.90	75.05-75.20	74.75-74.60
Jan-M'r	76.50-78.00	77.50-78.20	76.65
Apr-Jne	77.00-79.00	78.00-79.50	—
Jly-Spt	77.25-80.00	78.53-81.00	—

Sales: 129 (48) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 62.5p (60.5), Dec. 59.5p (same); Jan. 60.25p (60.5).

SOYABEAN MEAL

With the U.S. and Paris markets closed, dealer inquiry was very low and market eased 70p. The easier tone was influenced by a report from one trade source that Russian protein stocks would be 11 per cent. higher and to avoid an increase in surplus stocks, they would buy vegetable oil rather than crush beans, reports SNW Commodities.

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
December	142.50-42.7	+0.70	142.50-41.50
February	150.40-50.9	+0.23	150.60-49.80
April	155.60-54.0	+0.05	155.00
June	156.00-57.0	—	156.50
August	159.00-60.5	−0.45	159.50
October	159.55-63.0	—	—
December	159.50-60.5	−1.0	161.50

Sales: 43 (39) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £117.00 (£118.00) a ton cif for Oct.-Nov. shipment. White sugar daily price was fixed at £157.00 (same).

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Dec	128.15-28.25	129.30-28.50	127.50-25.00
March	131.05-31.25	133.00-33.25	134.75-31.00
May	133.50-35.60	139.25-35.50	139.00-36.50
Aug	142.80-43.00	144.25-44.50	144.5-42.75
Oct	146.90-47.00	148.75-49.00	149.50-47.00
Dec	151.00-52.00	152.00-54.00	154.5-55.00
March	155.00-56.4	157.25-58.0	157.5-57.00

Sales: 2,129 (2,130) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £224.00 (same) a ton for home trade and £153.00 (£154.00) for export.

GRAINS

THE BALTIC—Imported grain markets remained extremely slow and price levels were hardly changed.

Wheat—U.S. Dark Northern Spring No. 2 14 per cent. direct Tilbury unquoted. Nov. £98, Dec. £100 transhipment East Coast. U.S. Hard Winter No. 2 Ordinary Nov. £95.10, Dec. £96.55 transhipment East Coast. EEC Feed Nov. £83.50 East Coast.

Maize—No. 3 Yellow American/French Nov. £80.75 transhipment East Coast.

Barley—EEC Feed/Canadian Nov. £79.00 East Coast.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, quiet. Close: Nov. 82.30, Jan. 85.10, March 88.00, May 90.75, Sept. 94.05. Business: Nov. 82.60-82.20, Jan. 85.20-84.85, March 88.20-88.10, May 90.90-90.75, Sept. 94.50-94.00. Sales: 119 lots. Barley, quiet. Close: Nov. 78.90, Jan. 82.20, March 85.10, May 87.80, Sept. 92.05. Business: Nov. 79.10-78.90, Jan. 82.25-82.10, March 85.25-85.10, May 87.90-87.80, Sept. 92.50-92.40. Sales: 94 lots.

HGCA—Location ex-farm spot prices for Nov. 2. Non-breadmaking milling wheat: Berks and Oxon £82.50, N.E. £82.50. Feed wheat: Berks and Oxon £80.90, N.E. £80.90. Feed barley: Berks and Oxon £77.75, N.E. £80.90.

WOOL FUTURES

LONDON—Market easier following overseas advices in less active trading, reports Bache.

(pence a kilo)

Australian Greasy Wool	Yesterday's close	+ or —	Business Done
December	252-58.0	−6.00	—
March	265.0-66.	−7.0	275-66.0
May	276-77.0	−5.5	279-76.0
July	281-88.0	−4.0	287-83.0
October	280.0-84.0	−2.5	—
December	281-87.	−6.0	—
March	284.0-90.0	−4.0	—

Sales: 34 (21) lots of 1,500 kilos.

SYDNEY GREASY (in order, buyer, seller, business, sales)—Dec. 298.2-298.4, 299.2-298.1, 34; March 312.5-312.9, 313.5-312.5, 58; May 321.0-321.2, 323.0-321.0, 33. Total sales: 130. Micron Contract—July 334.5-335.0, 337.3-334.0, 41; Oct. 340.0-340.5, 340.5-339.0, 30; Dec. 344.0-344.5, 344.8-343.5, 13; March 346.5-347.0, 348.5-347.0, 31; May 350.0-352.0, —. Total sales: 105.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 46.0 to 50.0; Ulster hindquarters 50.0 to 54.0, forequarters 36.0 to 38.0; Eire hindquarters 50.0 to 53.0, forequarters 36.0 to 38.0.

Veal: English fats 54.0 to 56.0; Dutch hinds and ends 68.0 to 74.0.

Lamb: English small 44.0 to 50.0, medium 44.0 to 46.0, heavy 44.0 to 46.0; Scottish medium 44.0 to 46.0, heavy 44.0 to 46.0, hill 40.0 to 48.0; Imported frozen: New Zealand PL 46.0 to 47.0, PM 44.5 to 46.0, PH 43.5 to 44.0, YL 45.5 to 46.0.

Pork: English, under 100 lbs 32.0 to 39.0, 100-120 lbs 31.0 to 38.0, 120-160 lbs 30.0 to 36.0.

MEAT COMMISSION—Average fatstock prices at representative markets on November 2: GB cattle £29.80 per live cwt (−0.93), U.K. sheep 52.9p per lb. e.d.c.w. (−0.4), GB pigs £4.95 per sc.l.w. (+0.05). England and Wales—Cattle numbers down 8.6 per cent., average price £29.46 (−0.96); sheep down 6.2, 52.8p (−0.3); pigs down 0.5, £4.84 (+0.05). Scotland—Cattle up 2.6, £30.45 (−0.91); sheep up 22.5, 52.8p (−0.3); pigs up 11.7, £5.10 (−0.05).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Spanish: Navelinas 5.00-5.50; South African: 56/150 3.35-4.80; Argentinian: 112/138 4.60-4.70. Satsumas—Spanish: Trays approx. 20 lbs 2.50-2.80. Lemons—Italian: 5.00-5.30; South African: 5.00-5.60; Cypriot: 4.50-5.30; Turkish: 3.50-4.50. Grapefruit—South African: 3.00; Dominican: 4.20-4.80; Jaffa: 4.50-5.50. Apples—French: Golden Delicious 2.00-2.40, Stark Crimson 2.20-2.50, Granny Smith 2.55-2.80, Starking 1.70-2.00, jumble pack Golden Delicious 2.70; Italian: Per pound, Golden Delicious 0.08, Granny Smith 0.12, Starking 0.07, Belforts 0.07. Pears—French: Per pound Alexandrias 0.09, 28 lbs 2.00; Italian: Per pound, Williams 0.13-0.14, Beurre Bosc 0.09, 14 lbs Passacrassane 0.09. Melons—Spanish: Green 2.30-2.80, Yellow 2.80-3.20. Pomegranates—Spanish: Per case 30/70 2.20-2.60. Grapes—Spanish: Almeria 1.35-1.50. Black 2.00-2.30. Chestnuts—Italian: Per 10 kgs 3.20; Portuguese: 10 kgs. 4.60; Spanish: 5 kgs. 2.20. Walnuts—Californian: Per pound 0.40. Filberts—Italian: Per pound 0.23. Brazils—LWM, per pound, 0.23-0.30. Almonds—Cypriot: Per pound 0.28. Dates—Algerian: 0.20-0.25; Tunis: 0.24-0.30; Californian: 0.35. Tomatoes—Spanish: Boats/trays 2.80-3.00; Canary: 2.80; Dutch: 2.90. Cucumbers—Canary: Per 10/16 pre-packed 2.60-2.80. Onions—Spanish: 5.00-5.80; American: 5.40; Dutch: 3.00; Polish: 5.50. Figs—Smyrna: 48 x 8-oz packets, per packet 0.15.

English produce: Apples—Per pound, Bramley's Seedling 0.05-0.07, Derby's 0.04-0.05, Worcester Pearmain 0.07-0.09, Cox's Orange Pippin 0.05-0.14, Lambourne 0.03-0.04, Golden Delicious 0.06, Spartan 0.08. Pears—Per pound, Conference 0.06-0.10, Glou Morceau 0.05, Comice 0.10. Tomatoes—Per box 12 lbs 2.00-2.50. Mushrooms—Per pound 0.35-0.45. Potatoes—Per bag 4.00-4.50. Carrots—Per net 12½ kgs. 1.60-1.70. Lettuce—Per 12 round 1.20. Celery—Per 18/20 pre-packed 2.20, ordinary 20 1.50, 12 1.00. Onions—Per net 25 kgs. 4.00-4.30, picklers No. 1 2.00-2.30, Cocktail 10 kgs 0.90-1.00. Capsicums—Per 8 lbs 2.80. Cabbages—Per net/box 0.70. Spring greens—0.80. Cauliflowers—Per 12, Lincoln 1.30, Kent 2.20. Swedes—Per 28 lbs Devon 1.20, Scottish 0.90, Yorkshire 1.20. Sprouts—Per 20 lbs 1.20-1.80. Parsnips—Per 28 lbs 1.60-2.40. Cob nuts—Per pound 0.12-0.15.

JUTE

DUNDEE, firm. Prices c. and f. U.K. for Nov.-Dec. shipment BWC £241, BWD £230, Tossa: BTB £258, BTC £243, BTD £232. Calcutta goods steady. Quotations c. and f. U.K. for Nov. shipment: 10-ounce, 40-inch £8.65, 7½-ounce £6.59 per 100 yards. Dec. £8.67 and £6.61. "B" Twills: £24.68 and £24.67 for the respective shipment periods. Yarn and cloth very firm.

LONDON—Steady. Bangladesh White "C" grade Nov.-Dec. $383. "D" grade Nov.-Dec. $366 a long ton.

CALCUTTA—Steady. Indian Spot Rs465.00, Dundee Tossa Four Spot Rs465.00 a bale of 400 lbs.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 639 tonnes, bringing the total for the week so far to 1,135 tonnes, reports F. W. Tattersall. Widespread interest was again shown in Upland cotton, chiefly in Middle Eastern and Latin American growths. Spinners were re-assessing their winter and early spring requirements.

★

COPRA—Philippines, Nov. and Dec. $360 reseller per tonne, cif North European ports.

★

GRIMSBY FISH—Supply good, demand good. Prices per stone at ships' side (unprocessed)—Shelf cod £3.00-£3.90, codlings £2.60-£3.60, large shell haddock £3.40-£3.80, medium £2.20-£2.80, small £1.70-2.20, large plaice £4.00-£4.30, medium £3.80-£4.20, best small £3.00-£3.70, large skinned dogfish £4.20, medium £2.70, lemon soles £7.50, rock fish £1.60-£2.10, reds £1.40-£1.90, saithe £1.70-£1.80.

Soviet beet crop cutback

RATZEBURG, W. Germany, Nov. 2.

THE SOVIET sugar beet harvest in 1976-77 may fall below the previously forecast 9.4m. tonnes due to frost in major growing areas and general harvesting delays in all areas, the sugar statistician F. O. Licht said here.

Early frost in the Ukraine, which accounts for over 50 per cent. of the USSR's beet output, as well as in important areas north of the republic could affect the eventual harvest, he claimed. In addition, night frosts have been reported in other growing areas.

Generally speaking, the harvest appears to be running behind schedule perhaps due to weather considerations or capacity problems regarding machinery and manpower. Reuter

CANADA SETS 200-MILE LIMIT

OTTAWA, Nov. 2.

The Canadian Cabinet has issued a formal order proclaiming a 200-mile offshore fisheries zone from January 1.

The Cabinet ruling says negotiations are under way with the U.S., France and Denmark to determine where Canadian zones conflict with those of other countries.

Reuter.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Nov. 2 1976	+ or —	Month ago
Metals			
Aluminium (a)	£579	....	£579
Free Market (cis)	$890-910	....	$915-925
Copper			
Cash Wire Bars (w)	£771.5	+2.25	£844.75
3 months do. do. (w)	£810.25	+2.5	£878.75
Cash Cathode (w)	£759	+2.5	£832
3 months do. do. (w)	£797-6.5	+1.75	£865
Gold ......Troy oz.	$122.625	−0.25	$114.625
Lead Cash (w)	£279	....	£293.5
3 months (w)	£294.75	−0.375	£303
Nickel (w)	£5,361	....	£2,930
Free Market (cif) (lb)	$7.0-2.5	....	$2.09
Platinum (θ) troy oz.	—	....	£106-112
Free Market	£97.5	−0.35	£97.855
Quicksilver (76lb) (z)	$90-95	....	$100-10
Silver Troy oz.	271.1p	−0.5	259.9p
3 months	281.6p	−0.5	258.9p
Tin Cash (w) §	£4,984.5	+9.5	£4,848.5
3 months (w)	£5,177.5	....	£4,988
Wolfram 22.04lb. cif	$85-88	....	$74-75
Zinc-Cash (w)	£375.5	+0.75	£412.75
3 months (w)	£394	−0.75	£429.75
Producers (w)	$795	....	$795
Oils			
Coconut Malayan	‡	....	‡
Groundnut			
%	£556	+10.0	£506
Linseed Crude (w)	£45?	....	£450
Palm Malayan (w)	$458	−5.0	$458
Soyabean (u)	‡	....	‡
Seeds			
Copra Philipp. (w)	$360	+5.0	$337.5
Gr'nuts Nigerian	‡	....	‡
Linseed Can. No. 1	£208.75	−1.75	£201.75
Grains			
Barley EEC	£79	....	£83.5
Home Futures	£78.9	−0.10	£81.4
Maize			
French No. 3 Am.	£80.75	−0.5	£84
S.A. Yellow	‡	....	‡
Wheat			
No. 1 Red Spring	‡	....	£88.95
No. 2 Hard Winter	£85.1	....	£81.25
Australian (f.a.q.)	‡	....	‡
English Milling (k)	£87.5	....	£86
Cocoa Shipment (z)	£1,978	−10.0	£1,629
Futures March	£1,890	−15.0	£1,575.5
Coffee Shipment (c)	‡	....	‡
Futures Jan.	£2,188	−14.0	£1,864
Cotton A' Index			
cent	78	+0.1	86
Jute L.J.A.B.W.C. (d)	$383	+1.0	$381
Rubber kilo	62.5p	+2.0	55p
Sisal EA3L (z)	$600	....	$600
Sugar (Raw)	£117	−1.0	£125
Woottops 64s...kilo	325p	....	302p
Cloves Madagascar	‡	....	£5,250
Pepper White...ton	£1,500	....	£1,310
Black...ton	£1,500	....	£1,110

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C". h Jan.-March. k Oct.-Dec. r Sept. z Metric tons.

FINANCIAL TIMES

Nov. 2	Nov. 1	Month ago	Year ago
251.12	250.08	245.50	171.76

(Base: July 1, 1952=100)

REUTER'S

Nov. 2	Nov. 1	Month ago	Year ago
1553.6	1552.6	1552.4	1142.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 1	Oct. 29	Month ago	Year ago
Spot	350.85	349.84	346.05	296.75
Futures	352.81	349.04	347.00	283.62

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 1	Oct. 29	Month ago	Year ago
Staple Commodity	893.6	892.0	892.5	743.2

(December 31, 1931=100)

PALM OIL, London—Market quietly steady. Closing: Dec. 305.00-307.00, Feb. 304.00-306.50, April 303.00-306.00, June 306.00-308.00, Aug. 306.00-309.00, Oct. 304.00-310.00, Dec. 306.00-312.00. Sales: 12 lots.

U.S. grain inspection date set

WASHINGTON, Nov. 2

THE U.S. Agriculture Department said its new Federal Grain inspection service will be established on November 20, to implement the grain inspection and weighing law President Ford signed on October 21.

The Department said the new agency will be staffed initially by its regular grain inspection force. Plans are under way to recruit additional samplers, inspectors, weighers and supervisors.

Many people now employed by designated non-State inspection agencies at export markets will be offered positions with the new service.

Reuter

The U.S. Markets were closed yesterday for the Presidential Election.

Poor Soviet sunflower crop likely

WASHINGTON, Nov. 2.

THE U.S. Agriculture Department (USDA) has tentively estimated the Soviet sunflower crop at between 5.5m. and 6m. tonnes.

In its latest assessment, the USDA said because of slow progress in harvesting the crop this year's output may only exceed the drought-hit oututrn by 500,000 tonnes.

It noted that the harvest is still under way and its progress will be critical in determining the final outcome. A USDA reporting team which visited the Soviet Union from September 4 to October 2 estimated output could reach 6m. tonnes.

Reuter

Canadian Markets

WINNIPEG, Nov. 2. ††Rye—Nov. 229½ asked (228 asked), Dec. 230½ asked (231 asked), May 96 asked, July 97.50 nom.

cOats—Dec. 119½ bid (117), May 78.79 (78 asked), July 90 bid.

§Barley—Dec. 190 (188), May 89 (88.40 asked), July 90.60 bid.

dFlaxseed—Nov. 683½ bid (683½ bid), Dec. 688½ asked (690 asked), May 28.360 asked, July 28.8 asked.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 357½ (357).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ♦ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. § New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. † $s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 69-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

I.G. Index 01-351 3466 March Sugar 130½-132

CONTRACTS AND TENDERS

CLASSIFIED ADVERTISEMENT RATES

STOCK EXCHANGE REPORT

Equity rally reversed on lack of genuine buyers

Index gives up 2.7 at 283.6—British Funds consolidate

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 1	Nov. 11	Nov. 12	Nov. 23
Oct. 18	Oct. 28	Oct. 29	Nov. 9
Nov. 15	Nov. 25	Nov. 26	Dec. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The recent stock market rally was checked yesterday in the absence of genuine support. Firm at the start, on the momentum of the previous three-day rise, and with the closing of the gap between the rivals in the U.S. Presidential election doing market sentiment no harm, prices of leading equities were soon coming off the top as recent speculative buyers dropped out. At this stage stock coming on offer was finding no takers.

British Funds became unsettled during the morning on a revival of fears of even dearer money engendered by yesterday's payment by the banks of the first half of the £700m. call for special deposits and by the jump of ½ per cent. in the interest rate of this week's issue of Local Authority yearling bonds. Gilts eventually settled to end with little change at the medium to long end of the market, while short-dated issues were usually a shade harder, where changed. This resulted in the Government Securities index hardening 0.01 to 56.69, which is 0.81 up on last Wednesday's low for the year.

Trading in equities was extremely thin and was largely professional with interest mostly confined to the leaders. Second-line issues were usually higher in the wake of the recent upturn, as reflected in the 3-to-1 ratio of rises to falls in F.T.-quoted stocks and in the 0.5 rise in the F.T.-Actuaries All-Share index to 122.89. The Industrial Ordinary share index however, reflected the leaders with a 7.5 turnaround, a rise of 4.8 at the 10 a.m. calculation being transformed into a net loss of 2.7 at the close of 283.6. Company trading statements and speculative counters provided scattered firm features.

Gilts quiet but firm

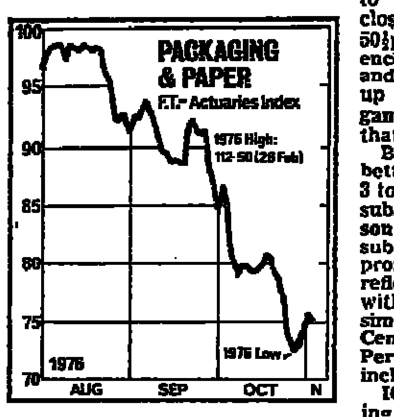
Gilt-edged once again showed resilience in the face of adverse influences which came initially via the further sharp rise in Local Authority yearling bonds interest rates and later in the fresh fall in U.K. official reserves during October. The volume of business contracted quite noticeably but quotations edged forward soon after the opening, slipped back to show fractional losses at one stage and then improved after-hours to record minor gains on balance among the shorts; medium and longs reverted to overnight list levels, after having been narrowly mixed.

Reports that a crisis point had been reached in the Geneva constitutional talks failed to undermine the market in Southern Rhodesian bonds which eased only a point.

Investment currency dealings were inhibited by the closure of Continental and U.S. centres and following the slight downward move in sterling the premium edged higher to 131¼ per cent. for a gain of ¾. Yesterday's SE conversion factor was 0.7095 (0.7114).

Official London dealings started yesterday in United Technologies Corporation Common Stock which opened and closed at £30¾ after a quiet trade.

More interest was shown in the Home Banks which closed slightly firmer for choice. Overseas issues tended mixed with Standard Chartered 7 up at 287p but Trust Bank of Africa 2 cheaper at 33p. Discounts were volatile. Alexanders moved between extremes of 143p and 135p before finishing 2 harder on balance at 140p and Cater Ryder closed



unaltered at 165p, after extremes of 170p and 160p. Leopold Joseph rose 8 to 110p in Merchant Banks but Dawnay Day eased a shade to 11p in front of to-day's preliminary results. Wagon Finance continued popular in Hire Purchases, adding 3 at 36p for a two-day gain of 7.

The expected poor response to the General Accident rights issue (over 85 per cent. has been left with the underwriters), dampened sentiment in Insurance Composites and, in busier trading conditions, prices drifted lower. G.A. ended a penny off at 120p, after 119p, while Phoenix and Royals both closed 4 down at 142p and 226 respectively. Eagle Star touched 79p before closing 3 off at 80p. Commercial Union were a like amount lower at 82p on adverse Press comment.

Among Brokers, C. E. Heath were firm at 330p, up 8.

Although well satisfied with Whitbread's first-half profits performance, dealers were concerned about the reported second-half downturn and the shares eased to 49½p before rallying late to close unchanged on the day at 50½p. Tollemache and Cobbold encountered light profit-taking and shed 4 to 146p. Distillers gave up a penny to 99p but Amalgamated Distilled Products were that much dearer at 18p.

Buildings were occasionally better. Rugby Portland hardened 3 to 40p on the sale of its Trinidad subsidiary, while William Mallinson edged up 1½ to 27p on the substantially improved first-half profits. Barratt Developments reflected the chairman's statement with a rise of 3 to 47p, while similar gains were seen in A.P. Cement, 125p, and Blundell-Permoglaze, 36p. Other firm spots included Redland, 4 up at 66p.

ICI behaved erratically, touching 276p before closing 3 cheaper on the day at 269p. Elsewhere in Chemicals, A. G. Bayer hardened two points to £47 and Akzo improved 25 to 900p.

Apart from Philips' Lamp, 25 higher at 940p on the improved dollar premium rate, leading Electricals drifted and finished at the day's lowest. Plessey fell 3 to 54p, while similar declines were seen in BICC, 77p, and GEC, 120p. Among secondary issues, Electrocomponents reflected the increased interim dividend and profits with a jump of 5 to 80p. James Scott hardened 2 to 15p.

Stores encountered a reasonable turnover before closing at, or near, the overnight levels. Foster Bros. Clothing shed 2 to 35p on the first-half profits setback, but W. H. Smith "A," with interim figures expected November 11, improved 6 to 252p. Lee Cooper rose 4 to 45p. Shoes provided an isolated firm spot in Wearra, which closed marginally better at 10½p.

Engineerings were unaffected by the easiness elsewhere, although the leaders were unable to hold all their early gains. GKN, for instance, closed unaltered at 222p, after 226p, but Hawker gained 4 more to 364p, after 366p. Spear and Jackson responded to continued bid speculation and rose to 86p before finishing a net 5 higher at 83p, while talk that the company may soon return to the dividend list aroused interest in Tace, up 5 at 13p. The rival offer of 21p cash from Armstrong Equipment for Crane's Screw lifted the latter 3 to match the new offer; Armstrong last night claimed conditional control of the company. Record Ridgway put on 2 to 44p following the increased profits forecast and, for a similar reason, Johnson and Firth Brown gained 2 to 43p.

Brooke Bond were finally a penny better at 33p, after 34p, following the much better-than-expected preliminary figures. Avana hardened ¾ more to 14p in further response to the good interim statement, while Kinloch, 128p, United Biscuit, 97p, and Rowntree Mackintosh, 156p, all closed 3 better. Awaiting fresh developments in the bid situation, Midland Cattle Products edged up 2 to 166p, while Thomas Borthwick and Sons, the bidders, closed without alteration at 58p following news of the Soviet meat deal. In Supermarkets, Kwik Save Discount improved 4 to 88p in front of to-day's preliminary results. Trust Houses Forte finished without alteration at 79p; news that the company is to acquire the hotel interests of J. Lyons in the U.K. and Eire came too late to affect sentiment. Reo. Stakis moved up 1½ more to 18p for a two-day rise of 3½.

Reed Int. down

The Miscellaneous Industrial leaders closed mixed after a firm start. Glaxo touched 330p before closing only a net 2 better at 325p, while Beecham lost an early small gain to finish 3 lower at 290p. Reed International closed 7 off at 170p following the first-half figures which failed to meet market hopes. Elsewhere, L. Lipton hardened a penny to 22p on the half-year performance and De La Rue (interim figures due next Tuesday) hardened 5 to 190p. Wedgwood put on 8 to 144p, while improvements of 4 were recorded in Bridon, 107p, Chubb, 80p, Myson, 47p, and Silentnight, 42p. Mitchell Cotts Transport found support ahead of to-morrow's results and closed 3 to the good at 33p.

Movements of any significance were few and far between in Motors, Lucas Industries, a firm market of late, reacted 3 to 155p, while Dowty, 115p, and Dunlop, 85p, shed a penny apiece. Kennings hardened 1½ to 39p in Garages where Henlys moved up 2½ to 78p and Appleyard improved 3 to 43p. BSG International reacted ¾ to 13½p on small offerings in an unwilling market.

Lack of any follow-through to Monday's interest saw Newspapers with North Sea oil content fade and Thomson closed 9 down at 316p, while Associated Newspapers reacted 5 to 103p and Daily Mail "A" 6 to 172p. Paper/Printings were colourless with DRG finally 2 lower at 77p, after 80p. News of the good first-quarter effort failed to help Dolan Packaging, which remained at 50p.

Oils mixed

Wary of the Wall Street holiday closure, holders began to take their profits in British Petroleum, but business was not entirely one-way and the price was finally only 8 lower at 678p, after 675p. In complete contrast, Shell opened higher and improved a shade more to 386p before closing a net 4 up at 384p, while Royal Dutch picked up ¼ further to £41½. Burmah, too, edged forward the turn to 30p, but Tricentrol gave up 2 at 68p and Century, which were less frequently traded than of late eased 1 to 54p.

A downturn in leading Properties was a reflection of the general trend while an upturn in secondary issues was a belated response to Monday's all-round rise in equities. Land Securities gave up a small initial gain to close a net 3 lower at 100p, while MEPC lost 2 to 30p and Stock Conversion 3 to 107p. On the other hand, Warnford Investments rose 6 to 134p, Property Holding were similarly better at 162p and Great Portland moved up 4 to 156p. Business done late the previous day, which gave rise to a report of bid possibilities, caused Berkeley Hambro to open at 60p, but there was little follow-through yesterday and the price drifted back to end a net 6 higher at 58p. Newspaper mention that Far Eastern sources were viewing the company favourably aroused interest in British Land which, after rising to 16½p, ended a net 1 harder at 15½p.

Overseas Traders made modest headway under the lead of Ocean Wilsons which finished 9 to the good at 127p. Booker McConnell finished 4 up at 109p following news of the company's involvement in a major expansion of the Mumias sugar company in Kenya, while Great Northern rose two points to £45 and S. and W. Berisford moved up 4 to 119p.

Following news that Walbrook Investment Trust has sold 271,783 Lampa Securities through the market at 125p per share, the latter closed 4 off at 111p, after 110p; Lampa are current in receipt of a bid worth 120p per share from Royco. Stockjobbers Akroyd and Smithers ran back 5 to 135p and International Pacific Securities were similarly cheaper at 115p. By way of contrast, Bishopsgate Property and General at 2½p, picked up a little after the previous day's slump of 8 on news of the company's liquidity problems. English and International Trust were 3 dearer at 47p on the interim results and Edinburgh Industrial were wanted at 5p, up 2.

A busy morning session in Shippings gave way to quieter conditions in the afternoon, but a firmer trend was evident at the close with the exception of Sheaf Steam, 101p, which attracted profit-taking and gave up 3 of the previous day's gain of 18.

Courtaulds were erratic in Textiles, touching 80p initially before easing back to close 3 lower on the day at 75p. Responding further to Press comment, John Haggas hardened 5 more to 235p in a thin market.

BATs Industries Deferred again figured prominently in the day's active stock list; after a firm start the shares drifted back to finish 8 lower at 187p, while the Ordinary lost 7 to 238p. Imps receded a penny to 52½p.

After turning down on Monday following news of the proposed merger and domicile change to Malaysia, Golden Hope, London Asiatic and Pataling continued on an easier note yesterday. Opening higher at 74p, Golden Hope eased back to finish 2 off at 71p, while London Asiatic and Pataling were both a like amount cheaper at 61p and 59p respectively. In Teas, Longbourne, 91p, held steady in front of to-day's preliminary results.

Quiet Mines

Business in mining share markets was down to a minimum with Australians particularly owing to the closure of Melbourne markets for Melbourne Cup.

BH South dropped 10 to ... the terms of the pro... "rights" issue are exp... shortly, while North Broken gave up 2 to 214p. On the ... hand, Bougainville and We... Mining were both around 4 h... at 124p and 170p, respect... Uraniums were neglected bu... stocks generally improved. ... put on 7 more to 225p.

In a moderate two-way bus... South African Golds gen... eased reflecting the marg... lower bullion price, which finally 25 cents off at $122.6...

Among the heavyweights, ...fontein reacted a point to ... on profit-taking, while ... Driefontein gave up a s... amount at £17¼. Against ... general trend, however, Free ... Geduld hardened ¼ to £10¾.

Financials mirrored ... Losses of ¼ were recorde... General Mining, £14¾, and ... £10¾, while Union Corporatio... 5 to 245p. After a firmer op... the London-based issues eas... line with U.K. Industrials. ... Fields closed 3 down at 129p ... 133p.

In Tins, following the tr... of their domiciles to ... Lumpur, Ayer Hitam were ... at 333p, after 342p, Sungei ... penny easier at 41p and Tr... lower at 102p, after 105p. P... sion to deal in shares of the ... companies on the Kuala Lu... Stock Exchange, however, h... yet been granted.

Beralt were unchanged a... funds have now been recei... respect of the Portuguese ... sidiary's 1975 dividend an... London parent is expect... declare to-day a second in... for 1976.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Groups & Sub-sections	Index No. (Tue Nov 2, 1976)	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Mon. Nov. 1 Index No.	Fri. Oct. 29 Index No.	Thurs. Oct. 28 Index No.	Wed. Oct. 27 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	106.81	+1.0	24.90	8.73	5.94	5.96	105.79	104.16	100.83	100.87	131.39	160.06 (21/4)	100.83 (28/10)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	90.89	+3.0	24.93	10.57	6.04	6.04	88.24	87.11	85.53	85.53	126.79	150.18 (15/1)	85.53 (27/10)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (22)	136.40	+1.9	30.28	7.99	4.99	4.99	133.91	129.43	122.99	122.08	243.05	260.20 (15/1)	122.08 (27/10)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	201.91	−1.6	22.00	6.58	6.58	6.76	205.16	200.91	192.76	190.54	230.76	287.30 (21/4)	190.54 (27/10)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	133.08	+2.0	34.60	9.35	4.23	4.17	130.45	128.10	124.07	123.56	154.77	193.18 (3/6)	123.56 (27/10)	202.57 (6/6/75)	64.39 (2/1/75)
6	Engineering (General) (64)	100.65	+1.5	25.38	9.15	5.80	5.79	99.17	98.25	95.20	95.99	112.81	149.29 (3/5)	95.20 (28/10)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	48.59	+1.5	18.54	9.14	7.70	7.69	47.85	46.65	45.66	46.25	44.01	60.62 (3/5)	45.29 (11/10)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	94.57	+0.6	22.67	9.49	6.51	6.44	93.97	92.82	90.23	91.27	111.31	141.94 (11/5)	90.23 (28/10)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	89.04	+0.6	26.45	7.93	5.69	5.68	88.56	86.34	83.12	83.71	107.96	141.46 (21/4)	83.12 (28/10)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	93.65	+0.4	25.88	6.26	5.74	5.74	93.25	91.37	87.51	87.51	124.82	160.35 (7/4)	87.51 (27/10)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (13)	106.38	+1.1	27.69	11.26	5.51	5.48	105.21	105.18	104.30	106.59	166.85	187.28 (7/4)	104.30 (28/10)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	61.09	+0.5	26.83	9.09	5.67	5.67	60.78	58.41	56.10	56.75	59.77	85.16 (3/5)	56.10 (28/10)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (170)	110.05	+0.7	20.41	8.81	7.41	7.34	109.30	107.44	104.60	104.41	144.99	162.24 (4/2)	104.41 (27/10)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	116.12	+0.7	20.59	9.82	7.34	7.34	115.36	113.57	111.34	111.17	167.24	179.43 (2/2)	111.17 (27/10)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	128.53	−0.3	18.41	8.53	8.35	8.35	128.96	127.02	124.71	125.29	151.59	190.67 (5/5)	124.71 (28/10)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (14)	133.99	+0.7	20.07	10.01	7.70	7.63	133.03	131.08	127.22	128.43	172.40	211.26 (3/5)	127.11 (26/10)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	127.71	+1.4	22.12	7.16	6.87	6.82	125.99	124.04	121.44	120.54	156.37	179.44 (11/5)	120.54 (27/10)	211.65 (1/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	100.64	+1.5	18.53	7.78	7.90	7.90	99.12	96.92	92.79	93.25	148.25	150.05 (12/1)	92.79 (28/10)	235.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	171.99	−0.6	14.55	6.19	10.40	10.40	173.01	164.76	161.74	160.90	143.49	184.46 (11/5)	148.46 (12/10)	260.29 (18/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	75.01	−0.2	20.49	10.52	7.49	7.49	75.16	74.96	72.74	72.34	94.77	112.50 (26/2)	72.34 (27/10)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	83.92	+1.5	18.35	8.48	8.40	8.38	82.72	81.51	79.46	78.56	124.53	136.24 (2/2)	78.47 (26/10)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (24)	100.54	−1.6	18.69	11.60	8.11	7.21	102.13	100.67	97.81	96.76	153.58	183.24 (30/1)	96.76 (27/10)	235.72 (17/1/69)	62.66 (11/12/74)
23	Tobaccos (3)	177.05	+0.1	24.75	9.76	6.01	6.01	176.91	173.40	167.36	169.83	202.23	241.98 (3/3)	167.36 (28/10)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	64.19	+1.3	25.79	9.88	5.20	5.18	63.34	62.07	60.95	61.50	62.43	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	163.82	+0.5	19.28	7.03	7.07	7.07	162.99	160.91	156.91	155.10	180.72	231.38 (5/5)	155.10 (27/10)	231.38 (5/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	62.73	+2.3	19.26	8.42	7.59	7.59	61.34	60.07	58.38	58.51	85.00	100.18 (18/5)	58.33 (28/10)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	323.50	+0.6	15.71	8.15	9.08	8.23	321.57	318.05	311.64	309.53	378.35	432.64 (30/1)	308.48 (26/10)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	115.42	+1.0	20.15	10.19	7.46	7.45	114.31	111.64	108.14	108.14	149.10	172.98 (21/4)	108.14 (27/10)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	113.45	+0.8	21.46	8.55	6.86	6.85	112.60	110.70	107.56	107.32	142.26	165.38 (3/5)	107.32 (27/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	361.65	−0.3	11.78	4.86	9.84	9.06	362.54	352.51	345.59	340.19	329.69	395.24 (20/5)	315.67 (11/10)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	133.14	+0.6	19.50	7.80	7.33	7.20	132.39	129.88	126.42	125.80	157.79	185.00 (3/5)	125.80 (27/10)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	92.50	−0.3	—	8.49	—	—	92.76	90.19	87.19	87.42	134.87	154.46 (30/1)	87.19 (28/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	121.60	+0.5	27.78	7.56	5.54	5.54	120.97	116.70	112.74	111.33	165.66	192.16 (29/1)	111.33 (27/10)	238.38 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	104.12	−1.7	—	13.38	—	—	105.93	102.60	97.72	106.05	158.25	186.52	97.72	293.13	81.40
35	Hire Purchase (5)	54.04	+1.4	18.39	18.13	16.62	16.62	53.31	53.56	53.55	53.25	95.50	[illegible]	[illegible]	[illegible]	38.85
36	Insurance (Life) (10)	76.81	−1.6	—	8.86	—	—	78.04	75.47	73.11	74.20	119.60	[illegible]	[illegible]	[illegible]	44.88
37	Insurance (Composite) (7)	72.41	−1.9	—	10.31	—	—	73.80	71.64	68.99	69.99	110.74	[illegible]	[illegible]	[illegible]	43.96
38	Insurance Brokers (9)	189.45	+0.7	15.51	7.35	9.64	9.64	188.23	181.77	178.27	178.27	227.82	[illegible]	[illegible]	[illegible]	65.86
39	Merchant Banks (15)	46.74	+0.1	—	8.91	—	—	46.68	46.49	45.15	45.51	83.41	[illegible]	[illegible]	[illegible]	31.21
40	Property (32)	102.77	+1.6	3.94	3.54	30.47	28.73	101.19	100.36	96.40	95.95	154.82	[illegible]	[illegible]	[illegible]	56.01
41	Miscellaneous (6)	87.18	−1.5	23.97	14.56	6.29	6.29	88.03	85.62	85.37	86.55	72.92	[illegible]	[illegible]	[illegible]	33.29
42	Investment Trusts (50)	[illegible]	+1.4	4.44	6.48	23.29	23.29	117.24	116.89	115.09	115.48	162.75	[illegible]	[illegible]	[illegible]	71.63
43	ALL-SHARE INDEX (650)	122.89	+0.5	—	7.84	—	—	122.31	119.93	116.67	116.29	152.81	[illegible]	[illegible]	[illegible]	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	475.80	−1.8	9.90	5.92	14.68	13.60	484.67	507.37	511.80	505.24	382.24	[illegible]	[illegible]	[illegible]	84.68
45	Teas (8)	125.53	—	33.39	9.79	3.92	3.79	125.53	125.53	124.89	124.93	116.22	[illegible]	[illegible]	[illegible]	59.72
46	Coppers (3)	147.97	+1.3	45.78	7.57	3.28	3.28	146.06	149.22	146.06	150.29	275.04	[illegible]	[illegible]	[illegible]	94.06
47	Mining Finance (11)	82.54	−0.7	11.25	5.81	9.79	9.71	83.11	82.63	83.39	78.52	106.84	[illegible]	[illegible]	[illegible]	66.41
48	Tins (5)	120.14	−1.4	11.77	9.25	13.06	12.90	121.84	123.07	121.49	116.95	89.96	[illegible]	[illegible]	[illegible]	54.83
49	Overseas Traders (13)	186.73	+1.3	18.50	7.33	7.40	7.39	184.27	181.92	178.61	178.51	213.04	[illegible]	[illegible]	[illegible]	97.37

FIXED INTEREST

		Tues. Nov. 2 Index No.	Yield %	Monday Nov. 1	Friday Oct. 29	Thurs. Oct. 28	Wed. Oct. 27	Tues. Oct. 26	Monday Oct. 25	Friday Oct. 22	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.57	15.56	15.67	15.78	15.78	15.65	15.64	15.50	14.77				
2	20-yr. Govt. Stocks (6)	43.00	[illegible]	43.02	48.76	43.38	43.31	48.65	42.79	43.13	46.57	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	43.09	[illegible]	43.09	43.53	43.27	43.41	43.66	43.75	43.79	45.85	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	41.32	16.83	41.19	41.71	41.71	41.71	41.76	42.45	42.54	47.00	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	56.14	16.07	55.74	55.64	55.16	55.19	55.25	55.50	55.66	60.98	[illegible]	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BP	£1	18	678	−8	690	557
BATs Defd.	25p	17	187	−8	225	183
ICI	£1	13	269	−3	402	256
Shell Transport	25p	11	384	+4	462	352
Courtaulds	25p	10	75	−3	169	73
Bowater	£1	9	138	—	230	122
Burmah Oil	£1	9	30	+1	53	25
Marks & Spencer	25p	9	78	—	108	70
Midland Bank	£1	9	216	+1	320	200
P & O Defd.	£1	9	99	—	119	87
Trafalgar House	20p	9	74	+1	115	65
Boots	25p	8	85	−1	148	79
Distillers	50p	8	99	−1	158	95½
Lloyds Bank	£1	8	176	+1	266	155
Reed Int'l.	£1	8	170	−7	274	156

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 26	Nov. 8	Jan. 27	Feb. 8
Nov. 9	Nov. 22	Feb. 10	Feb. 22
Nov. 22	Dec. 6	Feb. 24	Mar. 8

Calls were dealt in ... United Carriers, Barclays Bank, Lonrho, Shell Transport, Keyser Ullmann, ICI, Robb Caledon, Kinloch, Tesco, MEPC and Lucas Industries, while doubles were arranged in Cavenham, ICI, Dixon's Photographic, J. Lyons, Beecham and Lucas Industries.

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (3)

AMERICANS (1) — Cont. Illinois

BANKS (1) — Grindlays

TRUSTS (1) — Oil and Assoc. Inv.

NEW LOWS (23)

Esso solvents cost more

ESSO CHEMICAL increased prices for two of its oxygenated solvents by about 7 per cent. on Monday when methyl ethyl ketone and secondary butyl alcohol went up by £15 a tonne in the U.K.

MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

Day-to-day credit was in short supply in the London money market yesterday, but conditions were not as difficult as may have been expected. The call for £350m. of special deposits from the banks to the Bank of England was the major factor behind the shortage and this was coupled with settlement of official gilt edged sales, a net market take-up of Treasury bills, and a small increase in the note circulation. On the other hand banks brought forward surplus balances from Monday, and the market was also helped by a very large excess of Government disbursements over revenue payments to the Exchequer.

The authorities gave assistance by buying a very large amount of Treasury bills and local authority bills from the discount houses.

A rate of 14¾-15 per cent. was paid for secured day-to-day loans in the early part and closing balances were taken at 14-15 per cent.

In the interbank market overnight loans opened at 14¾-15 per cent. and eased to 14½-14¾ per cent. by lunch, before rising to 15-15¼ per cent. in the afternoon and closing at 14-14½ per cent.

Short-term fixed period interest rates tended to decline during the day.

Rates in the table below are nominal in some cases.

Nov. 2 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills	Bank Bills	Fine Trade Bills
Overnight	—	14-15⅛	—	—	—	14⅛	14-15	—	—	—
2 days notice	—	—	14¾-14⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	14⅝-15	14⅞-15⅛	—	15⅛-15½	—	14⅝-14⅞	—	—	—
One month	15-14½	14⅞-15¼	15⅛	15⅛-14½	15¼-15½	—	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Bank of Cyprus
Bank of N.S.W.
Banque Belge Ltd.
Banque du Rhone S.A.
Barclays Bank
Barnett Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Capitol C & C Fin. Ltd.
Cayzer Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
The Cyprus Popular Bk.
Duncan Lawrie
Eagil Trust
English Transcont.
First London Secs.
First Nat. Fin. Corp.
First Nat. Secs. Ltd.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Commercial Trust
Norwich General Trust
P. S. Refson & Co.
Rossminster Accept'cs
Royal Bk. Canada Trust
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

CORAL INDEX

INSURANCE BASE RATES

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5BR. 01-248 8971

Capital Tst.	46.2	49.0	.....	7.26
Income Tst.	45.6	48.4	.....	9.71
Int. Growth Fd.	47.0	50.0	.....	4.00

Friend's Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	23.0	24.5	+0.5	6.43
Do. Accum.	28.2	30.1	+0.7	6.43

REGIONAL MARKETS

selection of the share prices previously shown under regional headings is ted below with quotations on London. Irish issues, most of which are not lly listed in London, are shown separately and with prices as on the Irish age.

						IRISH		
			Higsons Brew.	63	.....	Conv. 9% '80/82	£75¾	+¼
y Inv. 20p	16	.....	I.O.M. Stm. £1	127	.....	Alliance Gas	45xd	-2
pinning	34	.....	Holt (Jos.) 25p	182	.....	Arnott	210	.....
n	21	.....	Kleen-e-Ze	31	+1	Carroll (P.J.)	100	.....
r. Est. 50p	121	.....	Lovell's Ship £1	130	.....	Clondalkin	34	+4
r Croft	24	.....	N'thn. Goldsmith	26	.....	Concrete Prods.	49	.....
k Rose £1	350	.....	P.M.A.	24	.....	Heiton (Hldgs.)	22	+2
(R.A.)	20	.....	Pearce (C.H.)	85	.....	Ind. News	35	.....
McHdy.	65	.....	Peel Mills	11	.....	Ins. Corp.	148½	.....
Fr'2 10p.	22	.....	RobtCaledonSh.	46	.....	Irish Distillers	40	.....
l	9	.....	Sayers 12½p	15	.....	Irish Ropes	85	.....
orge	52	.....	Sheffield Brick	73	.....	Jacob	45½xd	.....
Pkg. 5p.	16	.....	Sheff. Refrshmt.	130	.....	Sunbeam	8	.....
Ship. £1	300	.....	Shiloh Spinn.	22	.....	T.M.G.	68	.....
Sleigh 10p	6	.....	Sindall (Wm.)	49	.....	Unidare	42	.....

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Int.	Red. Yield
"Shorts" (Lives up to Five Years)						
[illegible]	[illegible]	Treasury 10½pc 1976‡	99	.....	10.55	14.48
[illegible]	[illegible]	Treasury 6½pc 1977‡	[illegible]	[illegible]	6.72	14.20
[illegible]	94½	Electric 3pc 74-77	97	.....	[illegible]	11.63
[illegible]	[illegible]	Treasury 11½pc 77‡	[illegible]	[illegible]	11.76	14.10
[illegible]	[illegible]	Treasury 5pc 77‡	[illegible]	.....	3.21	9.78
[illegible]	[illegible]	Transport 4pc 72-77	[illegible]	.....	4.28	10.21
[illegible]	[illegible]	Treasury 9pc 1978‡	[illegible]	[illegible]	[illegible]	13.64
[illegible]	[illegible]	Treasury 10½pc [illegible]‡	[illegible]	[illegible]	11.07	13.98
[illegible]	[illegible]	Exchequer 5pc 76-78‡	90	[illegible]	5.56	10.96
[illegible]	[illegible]	Treasury 11½pc 79‡	[illegible]	[illegible]	[illegible]	14.76
[illegible]	[illegible]	Treas 11½pc 79‡	[illegible]	[illegible]	[illegible]	14.76
[illegible]	[illegible]	Treasury 3pc 79‡	[illegible]	[illegible]	3.63	10.11
[illegible]	[illegible]	Electric 4¼pc 74-79	[illegible]	[illegible]	5.14	11.45
[illegible]	[illegible]	Treasury 10½pc 79‡	[illegible]	[illegible]	11.57	14.78
[illegible]	[illegible]	Electric 3½pc 76-79	[illegible]	.....	[illegible]	10.32
[illegible]	[illegible]	Treasury 9pc 1980‡	[illegible]	.....	10.54	14.68
[illegible]	[illegible]	Treasury 9½pc '80‡	[illegible]	[illegible]	11.11	14.95
86	[illegible]	Treasury 3½pc 77-80	[illegible]	[illegible]	[illegible]	10.74
[illegible]	80	Funding 5½pc 78-80‡	[illegible]	[illegible]	6.52	12.05
[illegible]	[illegible]	Treasury 11½pc 1981‡	[illegible]	[illegible]	12.84	14.89
86	[illegible]	Treasury 3½pc 1979-81	[illegible]	[illegible]	[illegible]	10.34
[illegible]	[illegible]	Treasury 9½pc 1981‡	[illegible]	[illegible]	11.64	14.82
Five to Fifteen Years						
[illegible]	[illegible]	Treasury 8½pc '80-82‡	[illegible]	[illegible]	10.50	14.44
[illegible]	[illegible]	Treasury 3pc '82‡	[illegible]	.....	[illegible]	10.55
[illegible]	[illegible]	Treasury 12pc 1983‡	[illegible]	[illegible]	13.53	14.79
[illegible]	[illegible]	Funding 5½pc '82-84‡	[illegible]	.....	7.98	12.06
[illegible]	[illegible]	Treasury 8½pc '84-86‡	[illegible]	.....	11.62	13.54
[illegible]	[illegible]	Funding 6½pc '85-87‡	[illegible]	.....	10.64	13.56
[illegible]	[illegible]	Treasury 7¾pc '85-88‡	[illegible]	.....	12.11	14.25
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	.....	6.76	11.97
[illegible]	46	Treasury 5pc '86-89	49	.....	10.26	13.46
[illegible]	[illegible]	Treasury 13pc 1990‡	[illegible]	.....	15.26	15.66
[illegible]	[illegible]	Treasury 8¼pc 87-90‡	[illegible]	.....	13.32	14.82
60	[illegible]	Funding 5¾pc '87-91‡	[illegible]	.....	11.93	14.35
Over Fifteen Years						
[illegible]	[illegible]	Treasury 12¼pc '92‡	[illegible]	..	15.55	15.89

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 41¼% (based on $US1.5891 per £)

Conversion factor 0.7085 (0.7114)

CANADIANS

S.E. List Premium 41¼% (based on $1.5406 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS

(Miscel.)

هكذا من الأصل

حكمة إحسانه الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ✧ Not comparable.
- ϕ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES

Wednesday November 3 1976

Hundreds killed in Mozambique raids

BY OUR OWN CORRESPONDENT — SALISBURY, Nov. 2.

SEVERAL HUNDRED black nationalist guerillas were killed and at least seven bases hit in the latest raids by Rhodesian forces into neighbouring Mozambique, according to security officials here to-day.

There was a jubilant reaction from Rhodesian whites to reports of the operations carried out by black and white Rhodesian commandos in two days since early last Sunday. But there were also fears of retaliation from Mozambique.

No official details of the raids, which were launched after Mozambique-based guerillas stepped up their operations against Rhodesia, had been released by late to-night.

Officials said that the Rhodesian forces crossed the 800-mile eastern border with Mozambique at dawn on Sunday at several points to attack the bases—all within about 50 miles of the Rhodesian border.

The official view here is that the strikes against the guerilla bases would serve to show black nationalist leaders in Geneva that the Government's counter-insurgency operations had not been relaxed because of the talks there.

"The black leaders have been threatening to step up the war while they're supposed to be talking peace in Geneva," said government supporters. This will show them that we are not weakening our military position."

White jubilation was tempered by official fears of a retaliatory attack on the eastern border city of Umtali where 8.000 whites and 36,000 blacks live. Frelimo troops were massing to-day along the border across from Umtali and setting up rocket and mortar positions, according to reports from the area.

The city was bombarded in August after the last Rhodesian raid into Mozambique.

The Rhodesian forces who crossed into Mozambique returned early to-day, according to security sources. Unofficial reports said that the raiders suffered some casualties, but there were no details.

The targets for the raids were Nura, Chicoa, Chicombizi, Gentu and Changara in the Tete Province of north-western Mozambique near the Zambesi river and Chicualacuala and Chitanga in the south-western Gaza Province.

The Changara camp, on the main road between the Port of Beira and the huge Cabora Bassa hydro-electric scheme, is known as a Mozambique military base.

The Rhodesian Government said last week-end that the raids into Mozambique had been to "safeguard the interests of the country . . . in accordance with accepted international (hot pursuit) practice" after what is described as a substantial build-up in guerilla forces along Rhodesia's eastern border.

The official Mozambique news agency reported yesterday that "heavy fighting" was going on between Frelimo and Rhodesian forces in the Tete and Gaza provinces, and accused Rhodesia of launching an "invasion."

This was denied by the Rhodesian Government, which said Rhodesian forces "only made hot pursuit operations against known terrorist bases."

In the last reported Rhodesian raid into Mozambique in August, the Rhodesians said they hit a guerilla base 30 miles inside the neighbouring territory, across the border from Umtali and killed 300 guerillas.

However, Mozambique accused Rhodesia of attacking a refugee camp killing innocent civilians, and the claim was confirmed by an official of the UN refugee agency.

Meanwhile, a Rhodesian security forces communique to-day said tha guerillas had shot up the black bar of a white hotel on the outskirts of the north-western coal mining centre of Wankie.

The communique also announced the deaths of one white Rhodesian soldier and eight guerillas during the past 24 hours in Rhodesia's escalating four-year guerilla war.

Strong Left-wing challenge for top AUEW post

BY ROY ROGERS, LABOUR CORRESPONDENT

A STRONG Left-wing challenger for the post of president of the Amalgamated Union of Engineering Workers emerged yesterday, when Mr. Bob Wright shrugged off earlier election setbacks to win a decisive 33.000 majority in a ballot for one of the union's assistant general secretaryships.

Mr. Wright, who has been unemployed since September, after being ousted from his national executive seat, has now upset the pattern of sweeping gains made by moderate candidates since the union switched to a postal balloting system.

Results announced yesterday showed that he had reversed his position with regard to Mr. John Weakley, the moderate convener from British Leyland's Llanelli plant, who won the first poll by more than 18,000 votes.

In the second ballot, which attracted a 33.2 per cent. poll, Mr. Wright got 160.378 votes compared to the 126.972 cast for Mr. Weakley. Last year, Mr. Weakley rose to prominence when he initiated High Court action which led to the union retaining the postal balloting ystem.

This result puts Mr. Wright in a position to succeed Mr. Hugh Scanlon as president. The election for the presidency will be contested next year in readiness for Mr. Scanlon's retirement in 1978.

It will also put pressure on Mr. John Boyd, the union's Right-wing general secretary, to reconsider his decision not to stand for the presidency. Mr. Boyd, who defeated Mr. Wright for the general secretaryship, was twice defeated by Mr. Scanlon for the presidency.

In other election results announced yesterday, AUEW moderates held their ground with Left-wing challenges being beaten off in Scotland and on the South coast.

Mr. Jimmy Reid, who left the Communist Party this year, was beaten by 81 votes by moderate Mr. Tom Dougan for the vacant post of Scottish regional officer.

Mr. Graham Young won his second round contest with Left-winger Mr. Clyffurd Arrowsmith to maintain his post of assistant divisional organiser in the West of England and moderate Mr. Jack Wyman won an overall majority to give him the St. Albans divisional organiser's post on the first ballot.

Another Left-wing gain was for the post of Nottingham district secretary, won by Mr. Ron Bacon, a Communist. The moderate who won the first ballot died earlier this year.

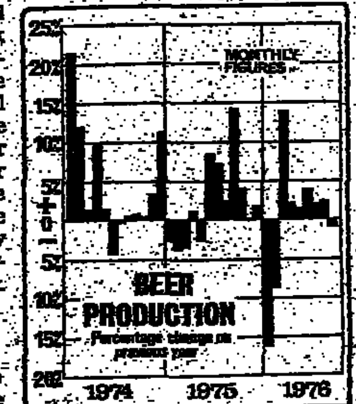
Bob Wright profile, Page 13

THE LEX COLUMN

Whitbread's long hot summer

The CBI industrial trends survey has proved in the past to be a good guide to cyclical fluctuations, and the marked decline in optimism—a lead indicator—between July and October confirms what the stock market has already been saying. On previous patterns the trend of new orders—still favourable in October—can be expected to turn after another quarter and the output indicator three months later. Meanwhile companies are expecting the recent improvement in liquidity to be replaced by some deterioration over the next six months.

Index fell 2.7 to 283.6



Whitbread

In a six-month period to August nicely straddling the drought, Whitbread has predictably prospered, raising pre-tax profits by 46 per cent. to £25.8m. (at least £1m. ahead of the market's projections). Industry production showed growth of about 4 per cent. in these months, and Whitbread claims to have slightly bettered the general sales trend on the back of booming Heineken volume, up 23 per cent. Elsewhere the group's standard Trophy bitter seems to have performed well, and canned beers have continued to stretch canning capacity. But keg and bottled beers provided a weak element in the sales mix, and wines and spirits have turned sluggish — though Long John is benefiting from Whitbread's marketing muscle.

A slowdown — evidenced by the industry's slight volume reversal in September—is now in prospect, but the full year will be "well ahead" which could mean pushing £40m. pre-tax against £30.7m. Whitbread does, of course, need the higher cash flow, with its spending plans up from £25m. to £45m. this year, including a start on the £40m.-plus Magor brewery (though the Chiswell Street redevelopment, also just beginning, is being funded off the balance-sheet). Longer term prospects are fraught with dangers like higher duties, economic troubles, and less favourable weather next year. But at 50½p the shares yield prospectively 11 per cent. with cover of more than twice—roughly in line with the sector.

Trust Houses/Lyons

J. Lyons is now beginning to grasp the nettle, and the terms of its hotel sales to Trust Houses Forte underline the seriousness of its balance-sheet problems. The purchase, based on the net asset value of £27.6m., will be payable in instalments, with guarantees for the deferred element. THF is not taking the difficult units—the Alpha in Amsterdam and the London Tower: the hotels involved are making profits, have no debt, and are largely valued at cost.

The initial instalment may be no more than, say, £5m.-£10m., so there are obviously more sales to come. Lyons' borrowings total upwards of £240m., and are limited to twice shareholders' funds (£135m. in the March accounts). But there are a number of businesses which cannot be sold, since as a result of its acquisitions there is over £7?m. of goodwill on the other side of the balance-sheet, which could not be realised fully under the present circumstances.

Meanwhile THF is increasing the number of its U.K. bedrooms by about a quarter, and seems to be paying less than £4,000 a room on a discounted basis. The deal will have little impact on profits one way or the other in the early stages. But the hope is that once the initial payment is out of the way, future instalments will be financed out of the hotels' own cash flow.

Brooke Bond

Brooke Bond Liebig is well ahead of target for 1975-76, with profits £10m. higher at £24.6m. before tax and asset sales, and it is confident about 1976-77. The unexpected acceleration in the second half of last year is explained by a more stable trend in Argentina, improving plantation profits, and the impact of sterling's slide (about £2 excluding Argentina). Bu key to the overall improve lies in the food products, where profits rose £9m. ove year to £15.2m.

Most of this gain arose seas. A move into modest in France, where the oper has been sharply cut back, to a turnround of nearly on the Continent, and a performance in Canada p the North American side £2½m. In the U.K., how losses of over £1m. in the trade more or less offset a upturn in grocery profits.

So only about a quart the profits arose in the which leaves quite a ta blem with unused U.K. ances of £9.8m. and unrec ACT amounting to £2.3m year. Acquisitions must possibility. The balance at least, has been transf with the help of the rights issue: tangible net is around £142m., and shor debt has been reduced £35m. to around £11m.

Meat losses should be lower this year. And tea have moved up sharply fifths in three months— apparent impact on co tion. The yield at 33p i 12 per cent.

Reed International

Strikes in Canada mea Reed International is on to break even in North A this year, against pro £10.8m. pre-interest las But between them the N and De Hoop acquisitio probably going to contr first time £14m. or s Sphinx group is moving the red and exchange pro the half year have been around £1½m.

So after six months pre-tax profits gain of £34.4m.—Reed is still get close to £70m. in 1976 home a dip of £1m. before interest between and second quarters is seasonal; IPC is up paper/packaging operat experiencing growth volume of around 2 pe Next year Canada could lot better. But econom tion marks are begin multiply both in the U at home, and outside for 1977-78 are now shaded below £100m. That is why the shares 12.2 per cent. at 170p prospective p/e of less th

Government plans probe on Courtaulds job cuts

BY RHYS DAVID, TEXTILES CORRESPONDENT

AN INQUIRY into Courtaulds' closure of eight factories with the loss of 4,000 jobs is proposed by the Government after meeting yesterday, when the management confirmed its decision to go ahead with the shutdowns.

Sir Arthur Knight, chairman of Courtaulds, who met three Cabinet Ministers and a junior Minister in the two-hour discussions, said later that nothing happened to change the company's decision. A joint statement disclosed that Courtaulds refused to postpone the closures by giving employees longer notice than required under the Employment Protection Act, 90 days

The meeting had been called by Mr. Albert Booth, Secretary for Employment, and Mr. Eric Varley, Secretary for Industry, to see if the company's decision, announced last month, was irrevocable.

Mr. John Morris, Secretary for Wales, and Mr. John Concannon, Minister of State for Northern Ireland, were also present, representing areas badly affected by the closures.

About 1,900 of the proposed redundancies will be in Wales, and 500 in Northern Ireland. Most of the rest are on Merseyside, where the company proposes to close its modern weaving plant at Skelmersdale, at which about 1.000 are employed.

The statement after the meeting said Ministers stressed the serious effect of the closures on the social structure of the affected towns, and explained the likely effects on unemployment rates.

"The Ministers said that in view of what they had been told they would wish to consider some suitable form of inquiry into the closure programme and looked both to the company and the trade unions to co-operate."

The terms of reference of the inquiry have yet to be announced. But it seems likely it will look in particular at the circumstances surrounding the closure of the modern weaving factory at Skelmersdale, built at a cost of £10m. in 1968 with help from public funds. The plant has had losses of more than £6m., amid claims from Courtaulds of difficulty in achieving satisfactory levels of manning, and from unions of unsatisfactory management.

In the case of the other closures, the inquiry seems bound to find that declining demand is the reason.

Courtaulds reserved its position on the inquiry last night, saying that its attitude would depend on seeing its terms of reference. It "expected and hoped" to be able to give full cooperation.

Union view

A welcome for the inquiry came from a local official of one of the unions at Skelmersdale. Mr. Bill Maunders, of the Amalgamated Textile Trade Union, which will send a 10-man delegation this week to lobby MPs, said documents were available to show the labour force had worked efficiently.

The delegation hopes to see Sir Arthur, who also plans to meet Mr. Jack Jones, general secretary of the Transport and General Workers' Union, this week to discuss the redundancies.

At the company's Aintree plant, Liverpool, where a reprieve remains possible if agreement on higher levels of productivity is reached, a joint working party from management and workers holds its first meeting to-day. Unions at Skelmersdale have come out against direct action to prevent closure.

Council registration proposed for insurance brokers

BY ERIC SHORT

ALL PERSONS wishing to operate as insurance brokers would have to conform to certain standards and fulfil certain conditions laid down by the British Insurance Brokers Council if proposals from the industry on the future regulation of insurance brokers are accepted by the Government.

Details of these standards were contained in a consultative document published yesterday which the Council had submitted to the Department of Trade in August. These are still being studied.

All brokers would have to apply for registration. This would only be granted if the applicant could conform with the necessary experience and technical qualifications: could show that the business was financially sound: and was willing and able to adhere to a code of conduct laid down by the Council.

In addition, they would have to take out a high level of indemnity insurance against errors and omissions.

The insurance broking organisations were asked in May 1975 by Mr. Peter Shore, then Secretary of State for Trade, to submit proposals for the identification and supervision of insurance brokers. They were subsequently invited to set out detailed proposals for self-regulation.

Mr. Francis Perkins, chairman of the brokers' council, said that at present there were no restrictions placed on the use of the term "insurance broker." Anyone could use it regardless of qualification or experience. These proposals were drawn up to give reassurance to the general public. Further protection would be provided by setting up a guarantee fund which would cover all losses to individual clients arising from the insolvency of a broker. This would be financed by a levy on all members.

He emphasised that the council did not intend to put anyone providing an insurance service out of business. All it asked was that they should not be permitted to use the term insurance broker unless they conformed to the standards. The Council had asked the Government to implement this by legislation.

Feature Page 10

U.K. reserves fall by $455m. to lowest level for 5 years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S OFFICIAL reserves fell by $455m. during October to $4.7bn.—the lowest total for more than five years.

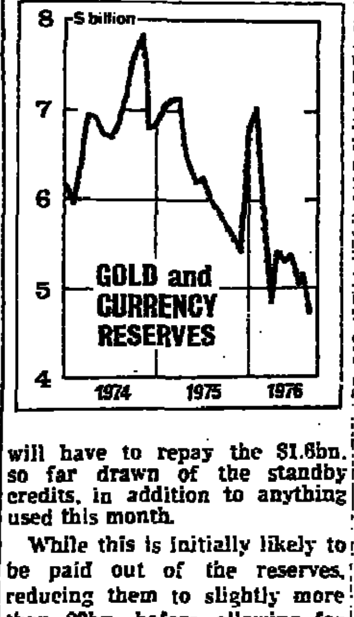
There were no drawings during the month on the $5.3bn. Central Bank standby credits, so that the total taken up by the U.K. so far is still about $1.6bn.

During October there was also no borrowing abroad by the public sector, for the first time this year. But this is only likely to be a temporary break since most of the loan of $500m. for the Electricity Council is likely to come in this month.

The announcement of the reserves made little impact on sterling which had another relatively quiet day with both the New York and Paris markets closed. The rate fluctuated between $1.5840 and $1.5970, before closing 60 points up on the day at $1.5930. The weighted depreciation narrowed by 0.3 points to 47.6 per cent.

The drop in the reserves in October was smaller than in recent months which suggests that, after taking account of, for example, transactions for Government departments, the level of intervention was not particularly heavy.

The fact that the drop in the reserves was smaller than recently is of little real comfort since on December 9 the U.K.



will have to repay the $1.6bn. so far drawn of the standby credits, in addition to anything used this month.

While this is initially likely to be paid out of the reserves, reducing them to slightly more than $3bn. before allowing for any drop this month, it is not clear yet whether the first payments on the IMF loan will make up for this fall.

The timing and amounts to be drawn on the loan of $3.9bn. Britain is seeking have yet to be decided in negotiations with the Fund. Mr. Alan Whittome, the head of the IMF team for these talks has now arrived in London.

Celtic Catering rig deal

CELTIC CATERING and Marine Supplies, the newly-formed member company of the Geest Organisation, has secured the supplies contract to the Shell-chartered drilling rig, SEDCO 707, in the Celtic Sea.

The award has been awarded to CCMS by the main rig contractor, Universal Services Inc., of Aberdeen. The supply point for the rig will be the fully integrated and purpose-built base at Pembroke Dock, brought into operation less than six months ago to fulfil supply orders for the Celtic Sea oil and gas industry.

With the SEDCO 707 contract goes an order to supply a Smit-Lloyd vessel that has accompanied the semi-submersible on its Atlantic crossing from the builder's yard in New Orleans, U.S.

Indications are that CCMS is also well in the running to supply the pair of Smit-Lloyd ships that will service the rig on its drilling location over 20 miles South-West of the entrance to Milford Haven.

In the six months it has been operating at Pembroke Dock, CCMS has secured contracts to supply eight offshore industry supply ships. The new rig order will mean providing simultaneous supplies for SEDCO 707 and the semi-drillmaster, to be operated in the Celtic Sea by Texaco following its completion of a well for the British Gas Corporation's drilling subsidiary, Hydrocarbons (G.B.).

Continued from Page 1

Lyons sells hotels

Both Strand and THF are having a bumper autumn in their London properties. For some weeks, London has been suffering from a temporary shortage of accommodation partly because of the falling value of sterling which has encouraged an influx of tourists.

This has enabled hoteliers to eliminate many of the discounts which were being offered a year ago to attract business. Margins have improved greatly.

Nevertheless, the sale has not been easy. Lyons insisted that the hotels be taken as a package and not piecemeal.

Holiday Inns Incorporated, of Memphis, was among the American companies approached but it rejected a deal since it was not interested in taking the smaller properties.

At face value, the price THF is paying is remarkably low—appreciably less than £5,000 a room. New top-class rooms in London cost £25,000 upwards to build and in the provinces at least £10,000. The difference suggests that there may be some interesting reading in the small print of the agreement.

Although many of Strand's Falcon Inns are older and smaller properties it has some very modern developments. The Albany hotels in Birmingham, Glasgow and Nottingham, are among them. The Ariel at Heathrow should be valued at £15,000 a roo mat least.

The following is a list of the hotels being acquired by THF:

STRAND GROUP (London)—Cumberland, Strand Palace, Regent Palace, Park Court, White's, Windsor, Kingsley, and the Ariel Hotel, Heathrow Airport; the Albany Hotels in Glasgow, Birmingham and Nottingham and the Albany Inns in Havant, Rugby and Wakefield.

FALCON INNS GROUP—Glenborrodale Castle (Argyllshire); Atholl Palace (Perthshire); Marine Hotel (North Berwick); Cally Hotel (Dumfries); the Keswick, Belsfield and Burnside hotels in the Lake District; Crown (Harrogate); Craiglands (Ilkley); Chester Curzon (near Chester); Ivy Bush Royal (Carmarthen); Stradey Park (Llanelli); Ye Olde Bell (Retford, Notts.); Swan's Nest (Stratford-upon-Avon); Brandon Hall (Coventry); Whatley Hall (Banbury Cross); Frimley Hall (Royal Windsor) and the Mansion and Wish Tower hotels in Eastbourne.

IRISH HOTELS—Royal Hibernian (Dublin); Old Ground Hotel (Ennis, Co. Clare).

Weather

U.K. TO-DAY

WITH A SHOWERY, westerly airstream covering much of the country, there will be rain, heavy at times, almost everywhere and sunny intervals. It will remain rather cold.

London, Southern England, E. Anglia, the Midlands, E. England

Sunny intervals, and showers, occasionally heavy. Wind moderate. Max. 10C (50F).

Channel Isles, S.W. England

Rather cloudy, showers or outbreaks of rain and moderate winds. Max. 10C (50F).

Wales, Isle of Man, N. Ireland, N.W. England, Lakes, West Scotland

Sunny intervals and showers, occasionally heavy. Snow on mountains. Wind moderate N.W. Max. 9C (49F).

NE. England, Borders, E. Scotland, Orkney, Shetland, Highlands

Frost followed by sunny intervals, and showers, occasionally heavy. Snow on mountains. Wind moderate or fresh. Max. 8C

Outlook: Cold and rainy.

Lighting-up: London 17.00, Manchester 17.04, Glasgow 17.04, Belfast 17.15.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	26	79	Madrid	S	13	55
Amstrdm.	C	10	50	Manchstr.	S	7	43
Athens	C	21	70	Melbourne	C	15	59
Barcelona	F	15	59	Milan	C	12	54
Belfast	C	6	43	Montreal	C	3	37
Belgrade	F	13	55	Moscow	C	2	36
Berlin	C	8	46	Munich	C	11	52
Birmghm.	F	9	48	Newcastle	S	6	43
Brussels	C	11	52	New York	S	8	46
Budapest	C	12	54	Oslo	Sl	0	32
B. Aires	S	26	79	Paris	C	11	52
Cairo	S	30	86	Perth	F	16	61
Cardiff	H	5	41	Prague	C	8	46
Cologne	C	12	54	Reykjavik	C	7	45
Copnhagn.	R	8	46	Rio de J'o	C	24	75
Dublin	S	6	43	Rome	F	18	64
Edinburgh	F	8	46	Singapore	S	30	86
Frankfurt	C	12	54	Stockholm	Fg	—3	27
Geneva	C	10	50	Strasbourg	C	10	50
Glasgow	C	6	43	Sydney	C	22	72
Helsinki	Sn	—3	27	Tehran	S	15	59
Hong Kg.	S	26	79	Tel Aviv	F	32	90
Jo'burg	R	16	61	Tokyo	S	16	61
Lisbon	S	16	61	Toronto	C	5	41
London	F	10	50	Vienna	C	9	48
Luxembrg.	C	9	48	Warsaw	S	8	46

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	16	61	Las Plms.	S	22	72
Algiers	C	19	66	Majorca	C	18	64
Biarritz	C	12	54	Malaga	S	22	72
Blackpool	F	7	45	Malta	S	20	68
Boulogne	R	9	48	Nairobi	C	20	68
Cape Tn.	C	17	63	Naples	S	18	64
Corfu	R	15	59	Nice	F	16	61
Faro	C	15	59	Nicosia	C	25	77
Florence	F	14	57	Oporto	C	14	57
Gibraltar	S	19	66	Rhodes	C	23	73
Guernsey	C	10	50	Salzburg	C	10	50
Innsbruck	C	9	48	Tenerife	S	16	61
Inverness	C	5	41	Tunis	F	20	68
Is. of Man	C	8	46	Valencia	R	16	61
Istanbul	C	19	66	Venice	F	11	52
Jersey	R	9	48				

S—Sunny. F—Fair. C—Cloudy R—Rain H—Hail. Sl—Sleet. Fg—Fog. Sn—Snow.